

6

MINUTES OF
PRODIGY SERVICES COMPANY
EXECUTIVE COMMITTEE MEETING
WHITE PLAINS, N.Y.

JUNE 29, 1988

A meeting of the Executive Committee of Prodigy Services Company, a partnership organized under the laws of the State of New York, was held at 7:30 a.m. on June 29, 1988 at the Prodigy offices located at 445 Hamilton Ave., White Plains, NY.

Members Present: Mr. R. T. Liebhaber
Mr. C. F. Moran

Absent: None

Others Present: Mr. T. C. Papes
Mr. G. M. Perry
Mr. H. E. Smith
Mr. J. H. Beall (Part time)
Mr. B. E. Bellmare (Part time)
Ms. L. Branigan (Part time)
Mr. R. S. Glatzer (Part time)
Mr. H. Heilbrunn (Part time)
Mr. J. M. Hewitt (Part time)
Ms. M. H. Kelley (Part time)
Mr. R. C. Novak (Part time)
Mr. H. C. Perce (Part time)
Ms. D. Shook (Part time)
Mr. P. Swigert (Part time)
Ms. J. M. Triplett (Part time)
Mr. D. J. Waks (Part time)

Mr. C. F. Moran presided as Chairman of the meeting, and Mr. Perry, Secretary of the Company, recorded the minutes. Upon motion duly made, seconded and unanimously carried the minutes of the May 19, 1988 meeting were approved. Messrs. Beall, Heilbrunn, Hewitt and Smith were present at the commencement of the meeting.

I. SERVICE READINESS REPORT

The Chairman first called upon Messrs. Beall and Heilbrunn who, using visual aids copies of which are attached as Exhibits A and B respectively, presented the Service Readiness report. Mr. Heilbrunn began the report by reviewing the non-commercial changes to the PRODIGYsm service since May 16, including the following: (a) special sections (US/USSR summits; Fourth of July; Shape Up; and Day Time Emmy Winners); (b) added depth (San Francisco local content; two-day horoscopes; and 14 reviews added to Consumer Reports); (c) CEO business simulator game; (d) various service design changes (including partial JUMPword functionality, new commands in the JUMPwindow, and the ability to add credit card numbers to profile); and (e) usage building events. He also reviewed non-commercial changes coming to the service through July, which include the Democratic Convention Update, Dow Jones Company News, and Quick Menus, Phase I.

Mr. Heilbrunn said that since June 6 the service has been on a 6AM to 12 midnight schedule on both the East and West Coasts. He then reported on certain service usage measurements, comparing them with the Long Range Plan for mid-1988. The measurements for each category are substantially below the Plan, except for minutes per session, which exceeded the Plan by 50%. Similarly, the measurements for transactions are below Plan, except the number of orders per household (even with Plan) and inquiries per household (100% over Plan).

Mr. Heilbrunn then reviewed charts showing the breakdown of enrollment by type of Member (about 90% are now Founding Members), and the breakdown of the Founding Members by age and gender (65% male, over 18; 21% female, over 18). He then reviewed several charts showing various usage measurements for the four groups being tracked (the Hartford testers, the Panel testers, the Connecticut Computer Society, and the new Founding Members). He briefly reviewed the results of the "Sign On, Cash In" game being used to promote usage. He said that there have been 36 winners to date, which represents 26% of the Member IDs listed. Phase II of the game is scheduled to run from June 16 to July 15. He then reviewed the May shopping activity, noting that total sales were about \$9,700, with three commercial clients (Sears, JC Penney, and Neiman Marcus) making up over 66% of the total.

Following this report, Mr. Beall stated that Reception System 6.1.8 (officially designated Version 1.0) has been issued and is in the process of being installed by the Members. Installation so far appears to be going well. He then reviewed the schedule for Reception System 6.2. The current schedule indicates that it will be available to ship to Founding and Charter Members by September 1, but will not be ready to ship to the retail trade until about three weeks later. The revised target for having the product packages in retail sales outlets is October 1. This represents a delay of about one month from plan.

Mr. Beall then reported on the status of various special applications as follows: (a) in banking, the BNE/CBT account balance application is in limited pilot test with employees of the bank; the Citizens and Southern MHT-replication is targeted to be on-service at the end of September, and detailed planning is in progress on the Trustcorp application, with a target of 2nd quarter, 1989; (b) Pershing (Phase I) is in S&AT testing and is scheduled to be on-service at the end of August under the name "Command Brokerage;" (c) the Kroger application is in rehearsal, with the on-service testing by Kroger employees expected to begin July 5; Grocery Express is on a schedule that would put it on-service around the end of September, which is about one month later than plan; and (d) the EAASY Sabre CRS is in rehearsal and expected on-service by July 15, the milestone date.

Following these reports, Ms. Branigan, Ms. Shook, Ms. Triplett, and Messrs. Bossert and Swigert joined the meeting.

II. GROCERY APPLICATION DEMONSTRATION

The Chairman then called upon Ms. Branigan who, using visual aids copies of which are attached as Exhibit C, and with the assistance of Ms. Shook, presented a demonstration of the Kroger grocery application.

Following the demonstration, Ms. Branigan, Ms. Shook, Ms. Triplett, and Messrs. Bossert and Swigert retired from the meeting.

III. SYSTEM AND NETWORK AVAILABILITY

The Chairman then called upon Mr. Hewitt who, using visual aids copies of which are attached as Exhibit D, reported on system and network availability. He said that the first two weeks of June went without incident, but two major host outages in the third week brought the overall PLS availability average for the June 1-2/ period down to 97%, compared to 98.1% for the month of May. He said that the worst outage, which lasted about 6.5 hours, resulted from the failure of the raised floor air conditioning system. He then reviewed the status of PLSs under construction, as well as those sites for the 1989 rollout which are under lease negotiation or site selection. He said that all are on schedule except Philadelphia, which is running slightly behind schedule.

Mr. Hewitt then briefly described recent discussions with three Regional Bell Operating Companies (Bell Atlantic, Ameritec, and US West) relating to the possibility of their installing and operating local sites for Prodigy and providing this service bundled with local transmission services. The discussions are ongoing but, to date, inconclusive.

Following this report, Mr. Glatzer, joined the meeting.

III. CLIENT REPORT

The Chairman then called upon Messrs. Smith and Heilbrunn who, using visual aids copies of which are attached as Exhibits E and F respectively, reported on the status of commercial client acquisition. Mr. Smith began the report by reviewing the highlights of the Commercial Marketing effort of June, including the following: (a) speeches were given during the month to both the AMA and to a group sponsored by Morgan Stanley; both were well received; (b) the new member-based pricing packages are complete, and will go into effect July 1; (c) discussions with K-Mart are progressing well, and a contract is expected very shortly; (d) the Computer Express database application is nearing completion and should be on-service in early July; (e) initial discussions have begun with Kroger regarding its options for grocery applications in the Detroit, Denver, Houston and Dallas markets; and (f) planning has begun for an "Olympic Savings Week" in August, in which Members would be offered a percentage discount on merchandise ordered on the service.

Mr. Smith then reviewed the 10 product packages sold during the month and the three speciality applications (Comerica and National Bank of Detroit in banking, and Nash Finch in grocery). He also reviewed the current product package and specialty application prospects for the July period.

Mr. Heilbrunn then reported on the client work status. He said that 63 commercial clients are now live on the service, and another 43 "work units" (which includes new client packages and additional sales to clients as full and partial units) are in various stages of development. He said that the June 30 milestone of 75 clients live on the service will probably not be met, but it should be met by July 15. He reviewed the likely live dates for 18 work units, the latest of which was July 22. He pointed out that as more clients are added to the service, more work is required for maintenance and refresh of those clients, thereby decreasing the resources available for putting up new clients. He then reviewed the client refresh work in progress and the estimated completion dates.

Following these reports, Mr. Bellmare joined the meeting. The Chairman called upon Mr. Bellmare who, using visual aids copies of which are attached as Exhibit G, reported on the status of bank marketing. He said that since the last meeting, two new home banking clients have been signed, National Bank of Detroit and Comerica, both in the Detroit area. The Comerica contract is for an MHT-replication, while the NBD application will use software that will run on IBM and IBM compatible mainframes. This software is being developed by Trustcorp under an agreement previously reported to the Committee. Mr. Bellmare said that negotiations appear to be going well with Bank of America, Citibank, and Sovran Financial.

Mr. Bellmare then discussed the banking strategy relating to credit unions. He said that consideration of credit unions is part of the existing banking strategy, and that large credit unions in the major market areas are analyzed using the same kind of cost justification and member size and concentration criteria as are used with banks. He reviewed a list of regional credit unions that have been considered in the initial markets. He said that one national credit union that would probably merit more aggressive analysis is the AARP credit union operated through BankOne. The Committee urged Mr. Bellmare to continue looking closely at the major credit unions, including expansion of the relationship with the IBM credit unions in the market entry cities.

Following this report, Mr. Bellmare retired from the meeting and Ms. Kelley joined the meeting.

IV. MEMBERSHIP MARKETING REPORT

The Chairman then called upon Ms. Kelley and Mr. Glatzer who, using visual aids copies of which are attached hereto as Exhibits H and I respectively, reported on Membership Marketing activities. Ms. Kelley began the report by reviewing the membership orders and enrollments to date. She said that a total of 6,406 orders have been received (3,231 in the Founding Member program and 3,175 in the Charter Member program), from which 2,380 Membership enrollments have been completed. A total of 3,672 Members have enrolled through those Memberships. She said that about 800 of the Founding Member orders have not enrolled, and she described the activation program that is being started to improve the order to enrollment ratio in this group. Only about 6% of the orders from the Charter Members to date have requested the Hayes modem, compared to about 19% in the Founding Member program. She attributed this low percentage to the precise targeting of the Charter Member program to people who are largely fully enabled. Ms. Kelley then reviewed with the Committee a chart describing usage and retention activities planned through the end of this year.

Following this report, Mr. Glatzer delivered a report and recommendation relating to the support of MS-DOS machines with less than 512K of RAM ("<512K Machines"). He said that the research indicates that <512K Machines represent only about 14% of the current installed base of addressable machines, and that ratio will drop to about 12% in 1989 and 9.5% in 1990. During the same period MS-DOS machines with 512K of RAM or greater will increase from 48% to 60% of the installed base. He pointed out that fewer <512K Machines are being sold than in past years, and many people who have them are upgrading the RAM size to accommodate the newer, more sophisticated software products being sold today. Tandy is the only major manufacturer still producing <512K Machines and selling them as their core product. Mr. Glatzer said that as a result of this analysis, and in recognition of the high cost of supporting these machines through

the surrogate program, management is recommending that the <512K Machines not be supported by the surrogate program, and that the surrogate be used only to support selected Apple II products, which represent a significantly higher percentage of the current and projected base of addressable machines.

Mr. Glatzer then reviewed the impact of such an action on the Tandy relationship, saying that while it would certainly reduce the rate of sale through the Tandy outlets, Tandy has indicated that it is still willing to carry the PRODIGY service Start-up Kit, and there have been discussions with Tandy about upgrade promotions that could be offered to Tandy machine owners. He then reviewed a chart that showed a revised Membership forecast based on the assumptions of: (a) support only for 512K or greater MS-DOS machines, plus Apple IIc, IIe, and IIGS; and (b) a "soft" market launch in September resulting from the possible delay in Reception System 6.2 discussed earlier in the meeting, with full retail marketing beginning October 1. The Membership forecast for year end 1988 is 27,000, compared to a plan of record number of about 32,000 and the most recent forecast of 37,000.

After discussion, the Committee approved the recommendation not to support the <512K Machines, keeping all options open regarding which Apple products are to be supported by the surrogate program.

Following these reports, Ms. Kelley and Messrs. Glatzer and Heilbrunn retired from the meeting and Mr. Novak joined the meeting.

V. REPORT ON LEASED SPACE

The Chairman then called upon Mr. Novak who, using visual aids copies of which are attached as Exhibit J, reported on the status of the leased space in White Plains. He summarized the lease terms for both the 445 Hamilton and One North Broadway buildings, and noted that there is a cancellation option with respect to all but three of the floors. The option must be exercised, if at all, by August 1, 1988. If exercised, the leases would terminate (except for the three floors) on September 30, 1989 and the Company would have to pay a cancellation fee of \$1,115,000. If the option is not exercised, the lease term with respect to all of the space in both buildings extends to September 30, 1993, except the 9th floor of 445 Hamilton (which expires March 31, 1990) and the 5th floor of One North Broadway (which expires June 30, 1993). This extension would represent a total rental commitment of \$22,662,800 for the two buildings. The Company would, however, receive a noncancellation incentive payment from the landlord of \$735,672.

Mr. Novak said that the combined lease rents on these buildings are very favorable compared to comparable space; the buildings are in a good location; and the landlord has been very

responsive to the Company's needs. Based upon these and other considerations, he said it is management's recommendation that the option to cancel not be exercised. After discussion, the Committee unanimously concurred with the recommendation.

Following this report, Mr. Novak retired from the meeting and Mr. Waks joined the meeting.

VI. REPORT ON BELLSOUTH

The Chairman then called upon Mr. Waks who reported on recent events relating to BellSouth. He said that BellSouth has filed with the FCC a Comparably Efficient Interconnection (CEI) plan relating to the provision of information gateway services by BellSouth. In connection with that filing, BellSouth presented an "illustrative" tariff that would be proposed for adoption at the state level to implement the gateway service. This tariff, if adopted, would be mandatory for all enhanced service providers (including Prodigy) operating within the tariff jurisdiction. Indications from BellSouth are that Georgia would be high on the list of early tariffed jurisdictions. The estimated cost to Prodigy for "first mile" telecommunications service in the Atlanta area if this tariff were adopted would increase from around \$3.50 to \$16.50 per household per month. Prodigy has filed in opposition to the CEI proposal and the matter is now under consideration by the FCC.

Meanwhile, discussions have been continuing with BellSouth to determine whether there is a chance of reaching agreement on a proposal under which BellSouth would own and operate data storage facilities for Prodigy (in lieu of Prodigy's construction of its own local sites) and would provide those facilities, bundled with local transmission services, at a cost acceptable to Prodigy. Such an agreement, if it could be reached, would alleviate the threat of the proposed tariff. If such an agreement cannot be reached, the proposed tariff represents a significant threat to the Company's business in Atlanta and other BellSouth jurisdictions.

Following this report, Messrs. Waks and Hewitt retired from the meeting and Mr. Perce joined the meeting.

VII. MEASUREMENTS

The Chairman then called upon Mr. Perce who, using visual aids copies of which are attached as Exhibit K, reported on the Company measurements through May. He said that the 1988 operating budget was revised as of the end of May, to take into account the actual operating experience during the first five months. The report was given in reference to the Revised Budget. He said that as of the end of May: (a) employee headcount was 817 (compared to Revised Budget 818); (b) net expenses were \$47.0 million (compared to Revised Budget \$47.4 million); and (c) approved capital expenditures were \$10.2 million. Mr. Perce then briefly reviewed the current status of the milestones.

Prodigy Restricted Confidential

There being no further business to come before the meeting,
it was adjourned at 2:00 PM.

Respectfully Submitted,

C. F. Moran
Chairman

G. M. Perry
Secretary

NON-COMMERCIAL CHANGES TO THE SERVICE MAY 16 - JUNE 26

SPECIAL SECTIONS

| | |
|------------------------|------------|
| SHAPE UP | 5/27 - 7/5 |
| US/USSR SUMMITS | 5/27 - 6/3 |
| FOURTH OF JULY | 6/27 - 7/5 |
| WITH "WINDOW SHOPPING" | |
| DAY TIME EMMY WINNERS | 6/29 - 7/7 |

DEPTH

| | |
|------------------------------------|------|
| SAN FRANCISCO LOCAL CONTENT | 5/20 |
| HOROSCOPES: NEXT DAY ADDED | 6/13 |
| CONSUMER REPORTS: 14 REVIEWS ADDED | |

ENTERTAINMENT / EDUCATION

| | |
|---------------------------|------|
| C.E.O. (WITH QUICK MENUS) | 6/28 |
|---------------------------|------|

SERVICE DESIGN

| | |
|-------------------------------------|------|
| PARTIAL JUMPWORDS | 6/22 |
| NEW COMMANDS IN JUMPWINDOW | 6/22 |
| (MAIL, HIGHLIGHTS, MAP) | |
| COPY GHOSTED IN JUMPWINDOW | 6/22 |
| JUMP TO BUILDINGS | 6/22 |
| (FINANCE, LIFESTYLE, INFORMATION, | |
| SHOPPING I, SHOPPING II) | |
| PROFILE: CREDIT CARDS, ADD A MEMBER | 6/22 |
| NO AD ON EXIT SCREEN | 6/22 |

USAGE BUILDING EVENTS

| | |
|--|-------------|
| FIRST COMMERCIAL MAIL: FATHERS DAY | 5/22 |
| (J.C.PENNEY, R.E.I., SEARS) | |
| SIGN ON, CASH IN SM GAME: PHASE 2 | 6/16 - 7/15 |

EXECPR5

TRINTEX CONFIDENTIAL

5/17/88

Exhibit A

SBC 003195

NON-COMMERCIAL CHANGES TO THE SERVICE COMING THROUGH JULY

SPECIAL SECTIONS

PRIME TIME EMMY'S

ELECTIONS: DEMOCRATIC CONVENTION UPDATE

FOURTH OF JULY

DEPTH

DOW JONES COMPANY NEWS

PERSONAL COMPUTING CLUB

CONSUMER REPORTS RATINGS

SERVICE DESIGN

QUICK MENUS PHASE 1

(GUIDE, PATHLIST, REVIEW LIST)

ENTERTAINMENT / EDUCATION

CHILDREN'S / YOUTH / ADULT

SERVICE DESIGN

NEW CHANNELS / SERVICES

NEW SERVICES

NEW CHANNELS / SERVICES

NEW SERVICES

NEW CHANNELS / SERVICES

NEW SERVICES

NEW CHANNELS / SERVICES

NEW SERVICES

SBC 003196

EXECPR5

TRINTEX CONFIDENTIAL

5/17/88

Exhibit A

TRINTEX SERVICE OPERATING HOURS SCHEDULE

| TIME FRAME | NAT'L CENTER OPER. HRS. W/SERVICE KEPT CURRENT EST | | PRODIGY REHEARSAL HRS. EST | | ANNOUNCED PRODIGY SERVICE HOURS | | |
|----------------|---|--|----------------------------------|--|---------------------------------|-------------------------|--------------|
| | | | | | WHITE PLAINS | LOCAL TIME CT & ATL. | CALIF. |
| NOW THRU 4/3 | 4 AM-12 MID. | | 6 AM-12 MID. | | 6 AM-12 MID. | 6 AM-12 MID. | 6 AM-9 PM |
| 4/4 THRU 4/17 | 5 AM- 2 AM | | 7 AM- 2 AM | | 7 AM-12 MID. | 7 AM-12 MID. | 6 AM-11 PM |
| 4/18 THRU 5/22 | 5 AM- 2 AM | | 7 AM- 2 AM | | 7 AM-12 MID. | 7 AM-12 MID. | 6 AM-11 PM |
| 5/23 THRU 6/5 | 4 AM- 3 AM | | 6 AM- 3 AM | | 6 AM-12 MID. | 7 AM-12 MID. | 6 AM-11 PM |
| 6/6 MON AND ON | 4 AM- 3 AM | | | | 6 AM-12 MID. | 6 AM-12 MID. | 6 AM-12 MID. |

Exhibit A

SBC 003197

* REVISED TO CHANGE TO INSTALL UPS--UNINTERRUPTED POWER SUPPLY.

a:0518801.017
HH/D4

TRINTEX CONFIDENTIAL

LONG RANGE PLAN COMPARISON

| USAGE | LRP MID '88 | HARTFORD, PANEL CCS, FOUNDING (WE 6/25) | HARTFORD, PANEL CCS, FOUNDING (WE 6/18) |
|-----------------------|----------------|---|---|
| MINUTES/ALL HH/DAY | 13.9 | 5.8 | 7.4 |
| LEADER ADS/ALL HH/DAY | 14.4 | 6.1 | 7.7 |
| SESSIONS/ALL HH/WEEK | 9.0 | 2.5 | 2.8 |
| MINUTES/SESSION | 10.7 | 16.6 | 18.1 |
| MEMBERS PER HH | 2.3 | 1.6 | 1.6 |

| TRANSACTIONS | | JAN - MAY '88 | MAY '88 | APR '88 |
|----------------------------|----------|------------------|---------|----------|
| LEADER AD FOLLOW THROUGH | 10.0% | | 3.1%* | 3.2%* |
| ORDERS/ALL HH (ANNUALIZED) | 2.0 | 1.9 | 1.6 | 4.1 |
| AVG. ORDER SIZE | \$50.00 | \$33.41 | \$34.26 | \$31.50 |
| SALES/ALL HH (ANNUALIZED) | \$100.00 | \$63.48 | \$56.19 | \$129.15 |
| INQUIRIES/ALL HH | 16 | 30 | 34 | 51 |

* INCLUDES ALL MEMBERSHIPS; PERCENTAGE FOLLOW THROUGH IS UNDERSTATED
SINCE RECEPTION SYSTEM 6.0 IS REQUIRED TO ACCURATELY COLLECT DATA.

PRODIGY CONFIDENTIAL

SBC 003198

Exhibit A

Important Dates

| | |
|------------|---|
| 6/22 | 8 Hour Outage |
| 6/10 | Newsletter |
| 6/8 | Sign On, Cash In Postcard |
| 5/9 – 5/23 | Phone Survey (227 Founding HH's) |
| 5/22 | Commercial Mail (REI, Sears, JC Penney) |
| 5/13 – 16 | SOS "Rain Check" (180 Founding HH's) |
| 5/16 | Newsletter |
| 5/1 | Sign On, Cash In Begins |
| 4/27 & 28 | Atlanta Focus Groups |
| 4/25 & 26 | San Francisco Focus Groups |
| 4/22 | Sign On, Cash In Postcard |
| 4/18 & 20 | Hartford & CCS Focus Groups |
| 4/8 – 4/11 | Shower of Savings |
| 4/5 | Focus Group Letters |
| 4/1 | Shower of Savings Glossy |
| 3/30 | 6.0 Mailed To Hartford & CCS |
| 3/29 | 6.0 Mailed To Panel |
| 3/15 & 17 | Panel Focus Groups |
| 3/3 | Newsletter |
| 3/3, 4 & 5 | Telephone Calls To 35 HH's (Panel & Hartford) |
| 2/17 | CCS Focus Groups |
| 2/10 & 11 | Panel Focus Groups |
| 2/3 | CCS Focus Groups |
| 2/3 | Elections Live |
| 2/1 | Newsletter |
| 1/25 | Newsletter |
| 1/25 | Valentine's Special Live |
| 1/20 | Olympics Special Live |
| 1/18 & 19 | Hartford Work Sessions |
| 12/23 | Newsletter |
| 12/21 | Carmen Sandiego Live |
| 12/15 | Dow Jones Live |
| 12/10 | Hours 6am – 12am EST |
| 12/9 & 10 | Panel Focus Groups |
| 12/3 | Hartford Focus Groups |
| 11/24 | Newsletter |
| 11/16 | Shopping |
| 10/1 | Start 10am – 12am EST |

SBC 003199

Exhibit A

ENROLLMENT BY USER TYPE AS OF 6/25/88

| | HOUSEHOLDS | MEMBERS | MEMBERS/ HOUSEHOLDS |
|------------------------------------|------------|---------|------------------------|
| HARTFORD PARTNER TESTERS | 54 | 109 | 2.0 |
| PANEL TESTERS (ATL., S.F.) | 106 | 163 | 1.5 |
| CT. COMPUTER SOCIETY (CCS) | 49 | 95 | 1.9 |
| FOUNDING MEMBERS (ATL., S.F., HTF) | 2,364 | 3,647 | 1.5 |
| TOTAL | 2,573 | 4,014 | 1.6 |

| APPLICATION | MEMBERS |
|-------------|---------|
| MHT | 51 |
| PIE | 95 |
| CBT/BNE | 50 |

PRODIGY CONFIDENTIAL

SBC 003200

Exhibit A

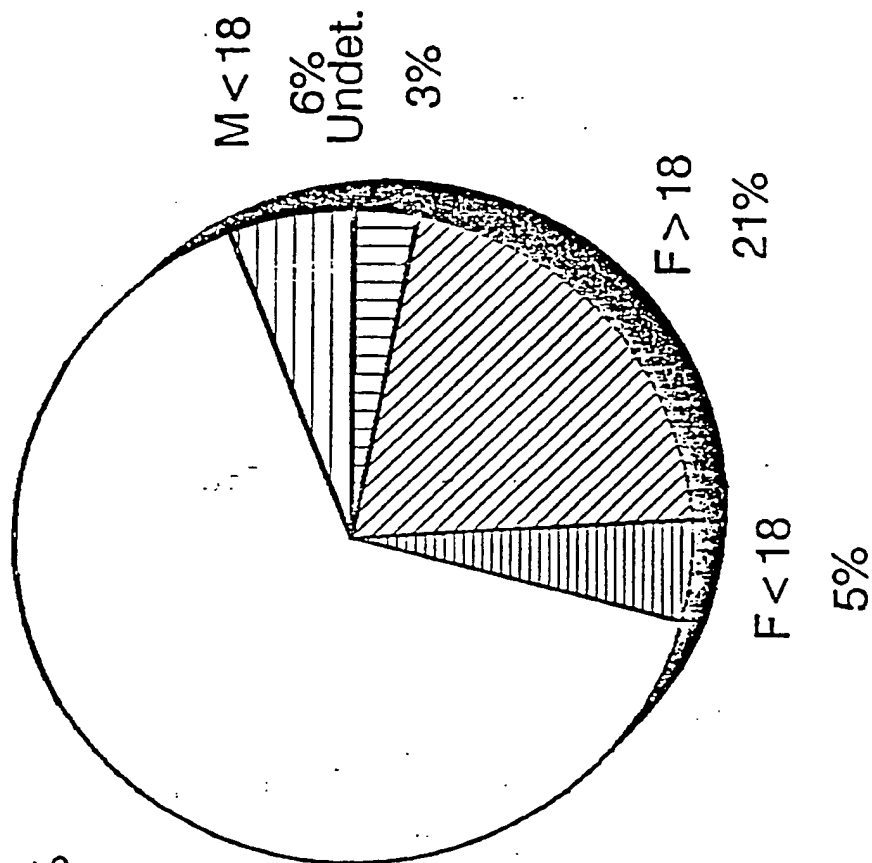
Founding Members

As of May 31 1988

(2595)

M > 18

65%



Male - 71
Female - 26
Undet. - 3

Exhibit A

SBC 003201

Apr/May Founding Members

Daily Vs. Weekly

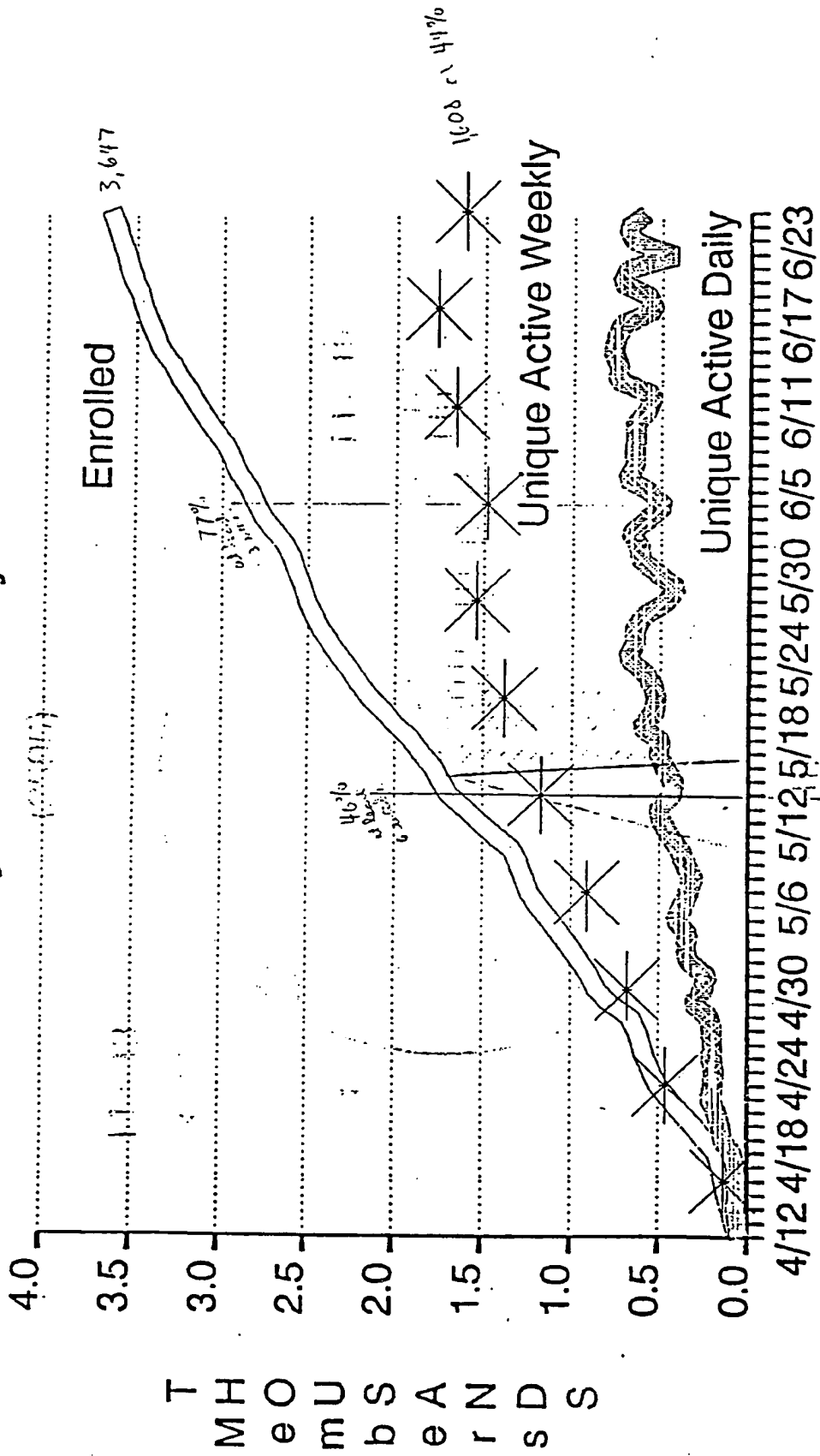


Exhibit A

SBC 003202

Founding Memberships Frequency of Access (May 1988)

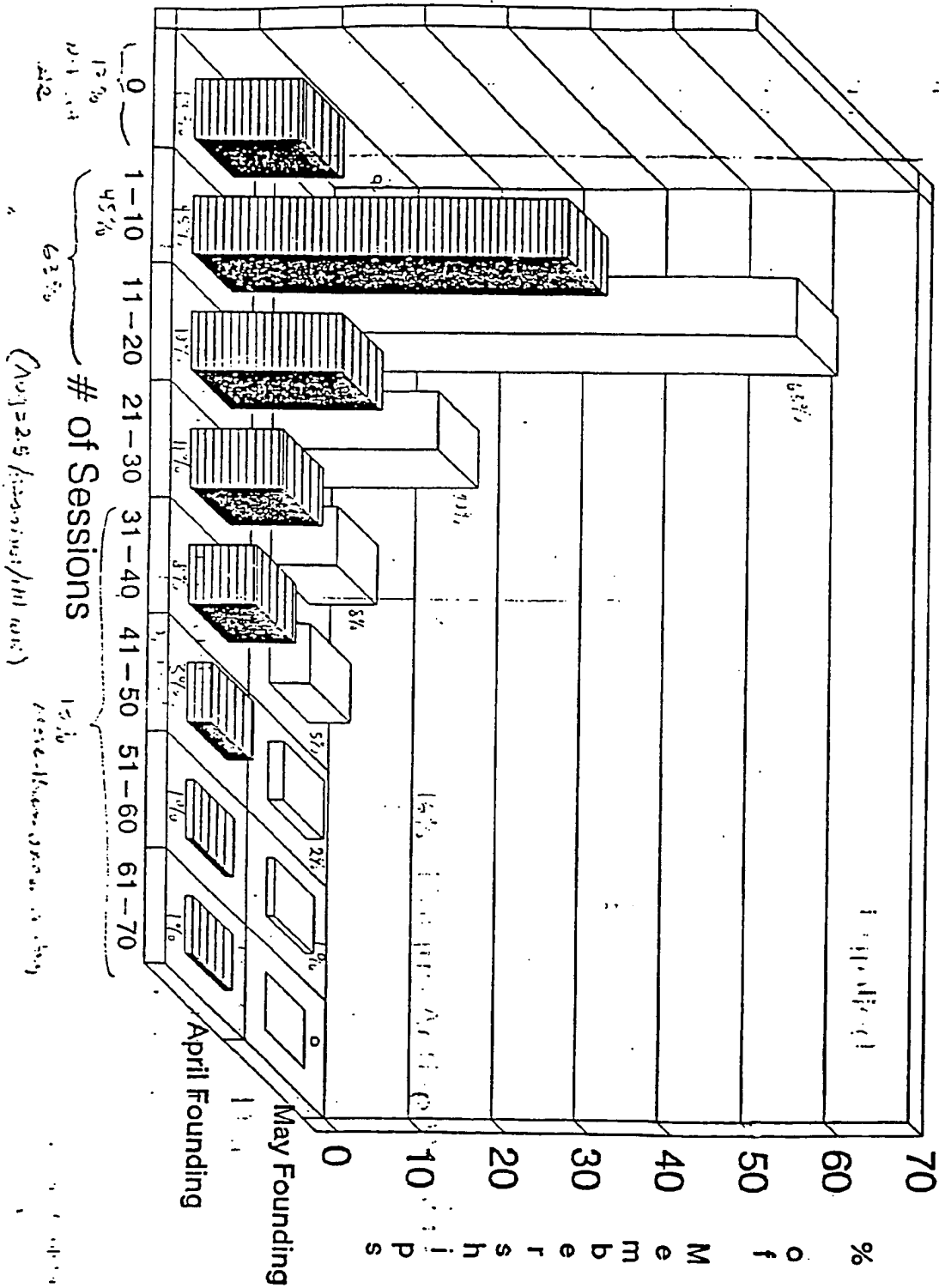


Exhibit A

History of Members Active Members History of Active Members

(May 1988)

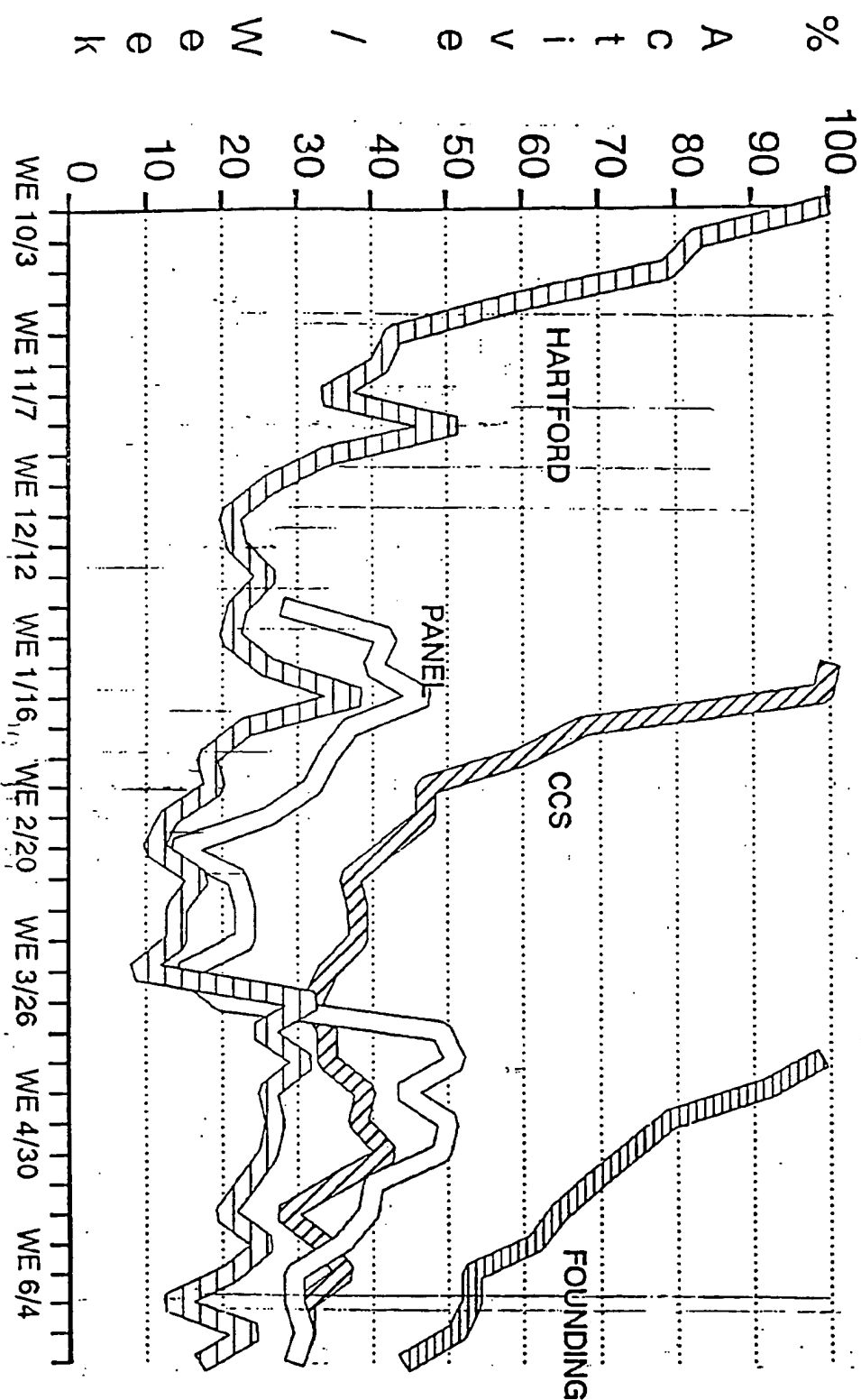


Exhibit A

SBC 003204

Enrolled Female Usage % of Active Members

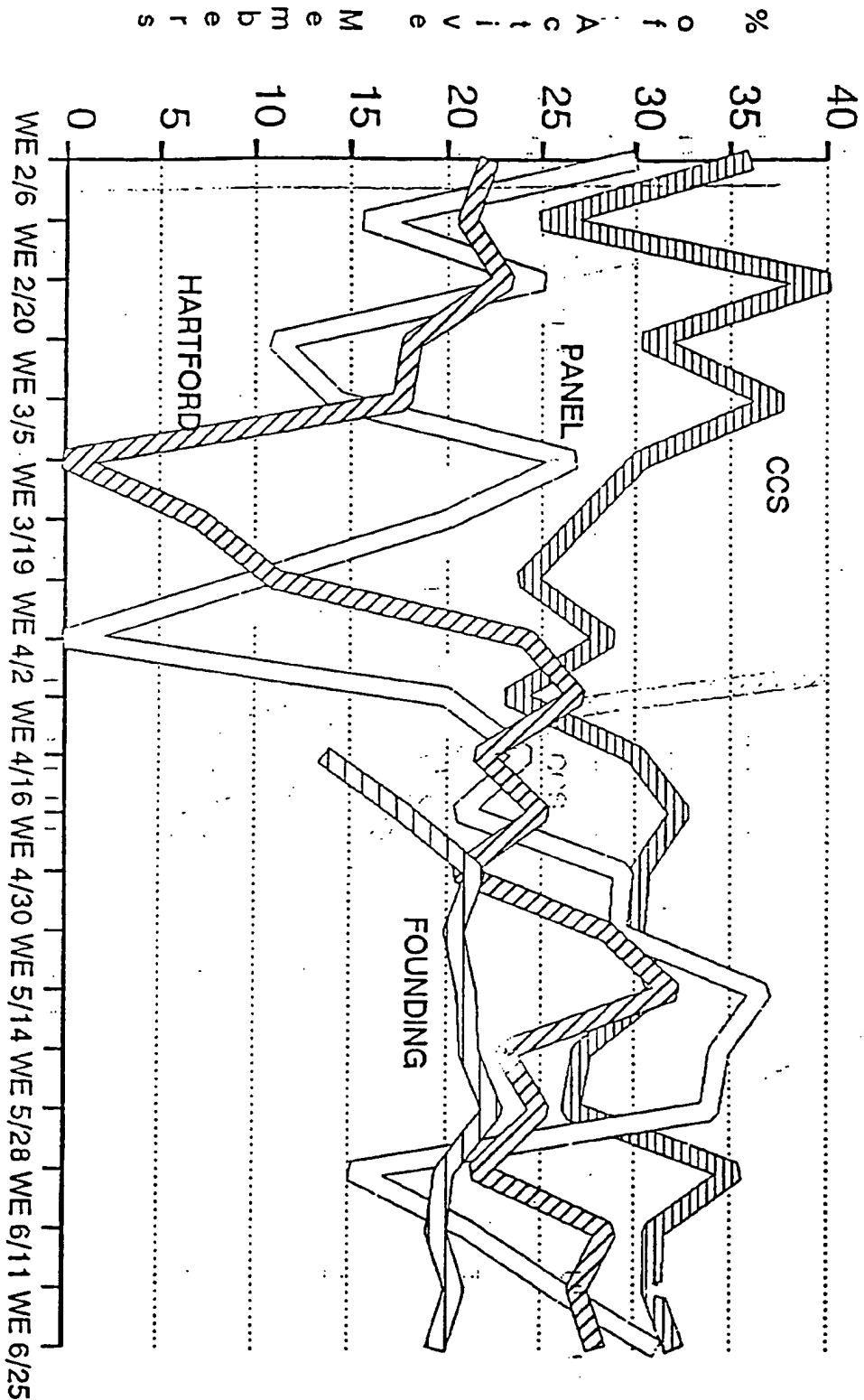


Exhibit A

SBC 003205

Frequency of Sessions in Week

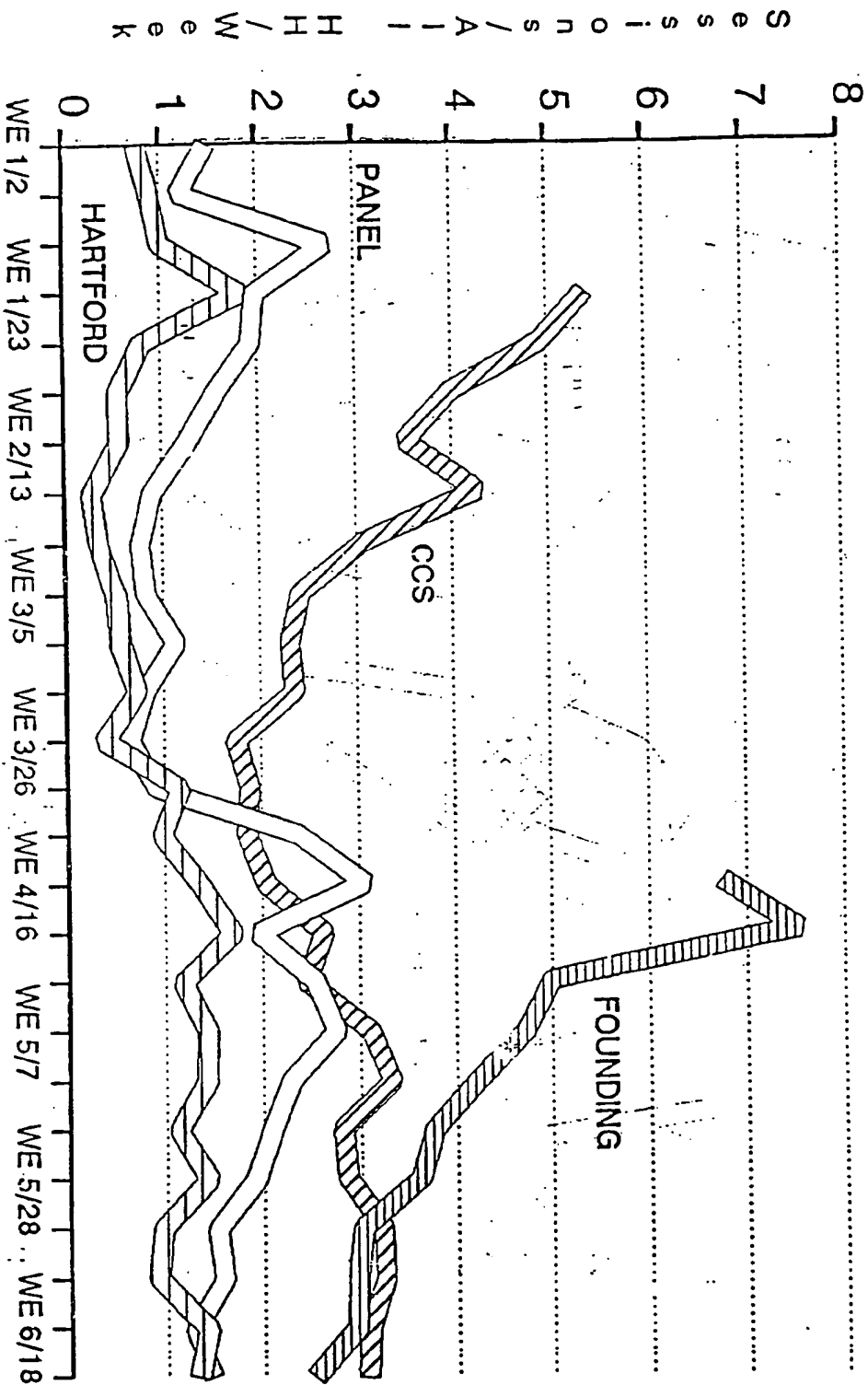
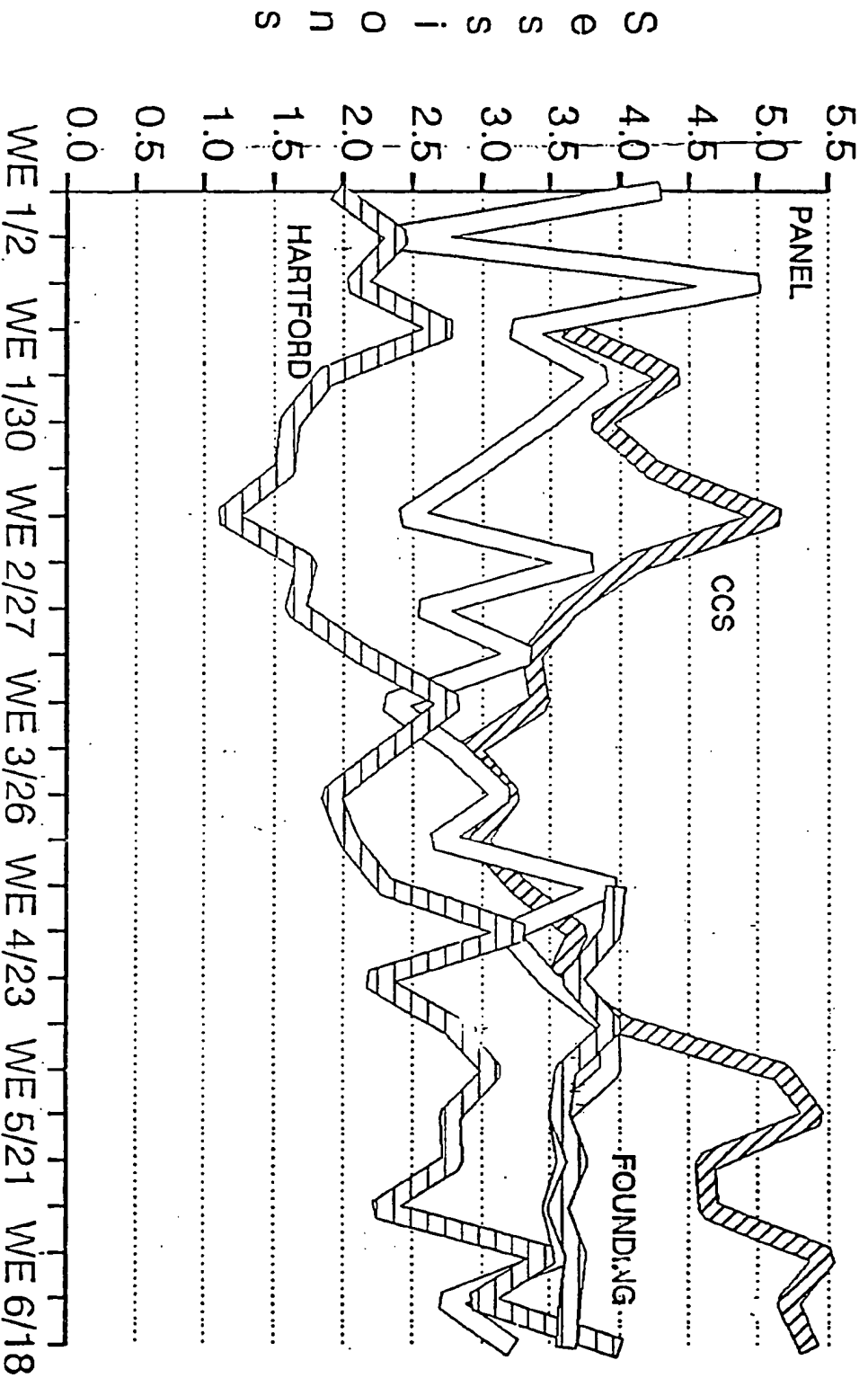


Exhibit A

SBC 003206

Avg. Sessions Per Active Member Weekly



SBC 003207

Exhibit A

Avg. Session Length

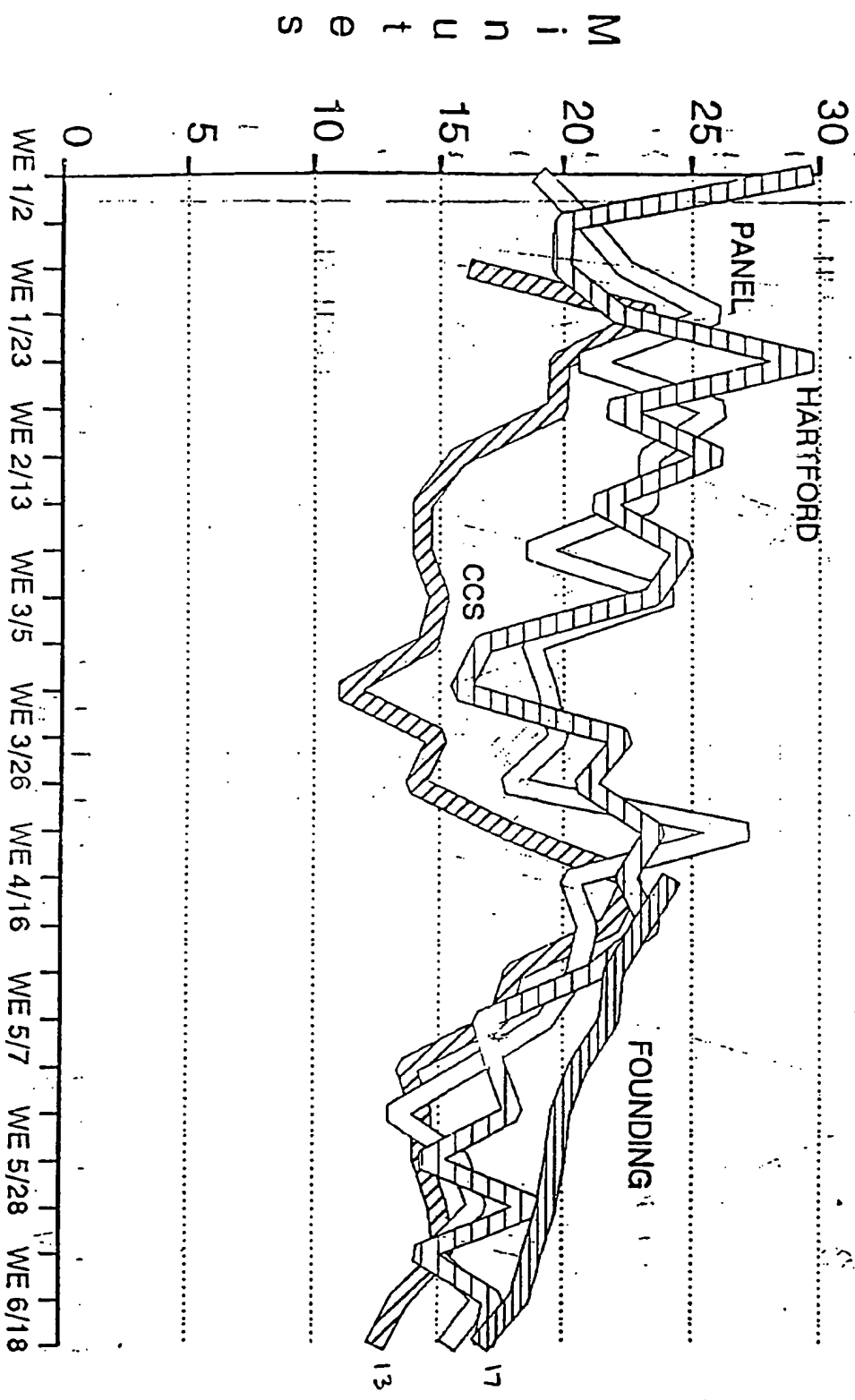


Exhibit A

SBC 003208

Founding Members Session Length

(May 1988)

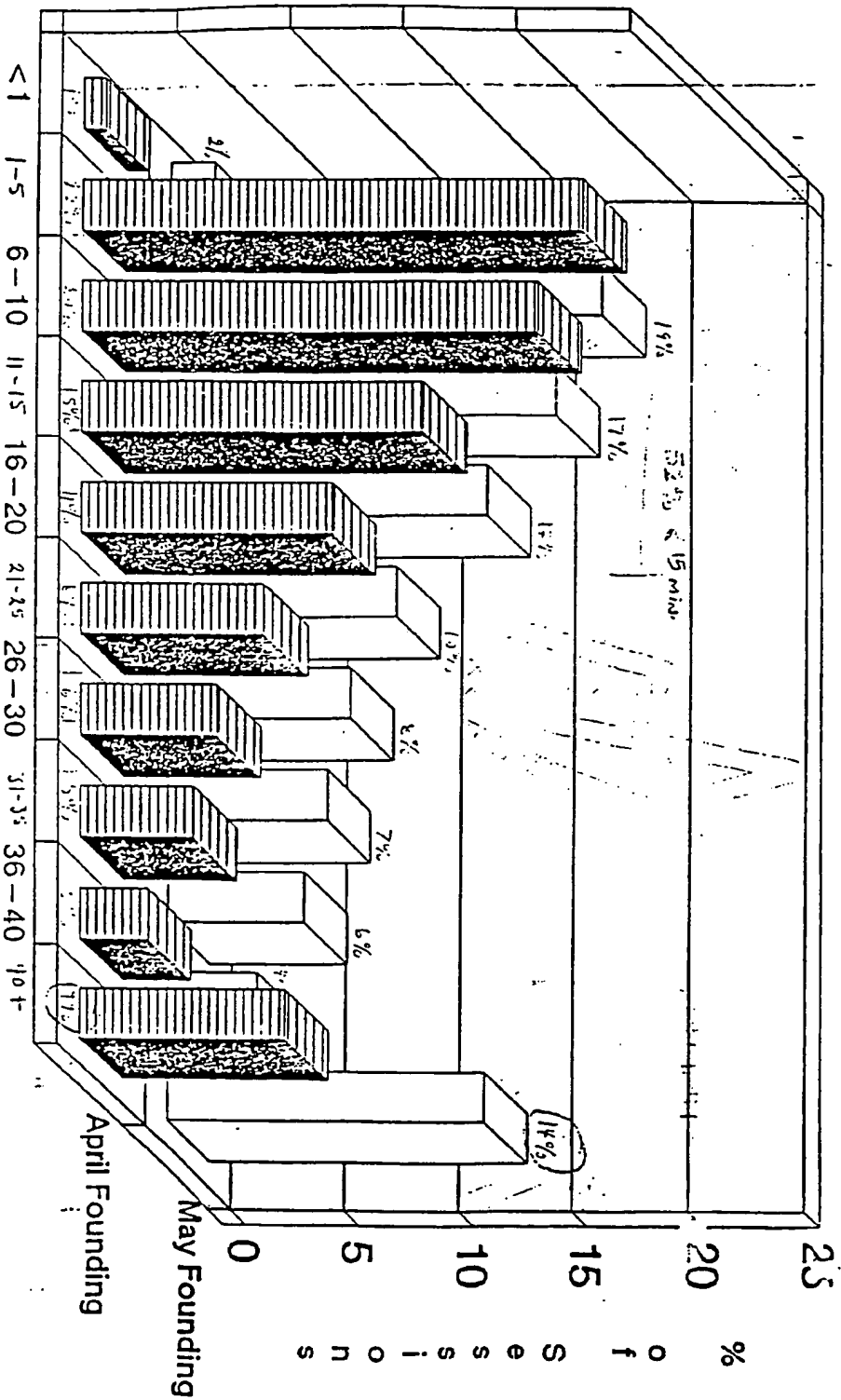


Exhibit A

SBC 003209

Avg. Daily Usage Per Active Member

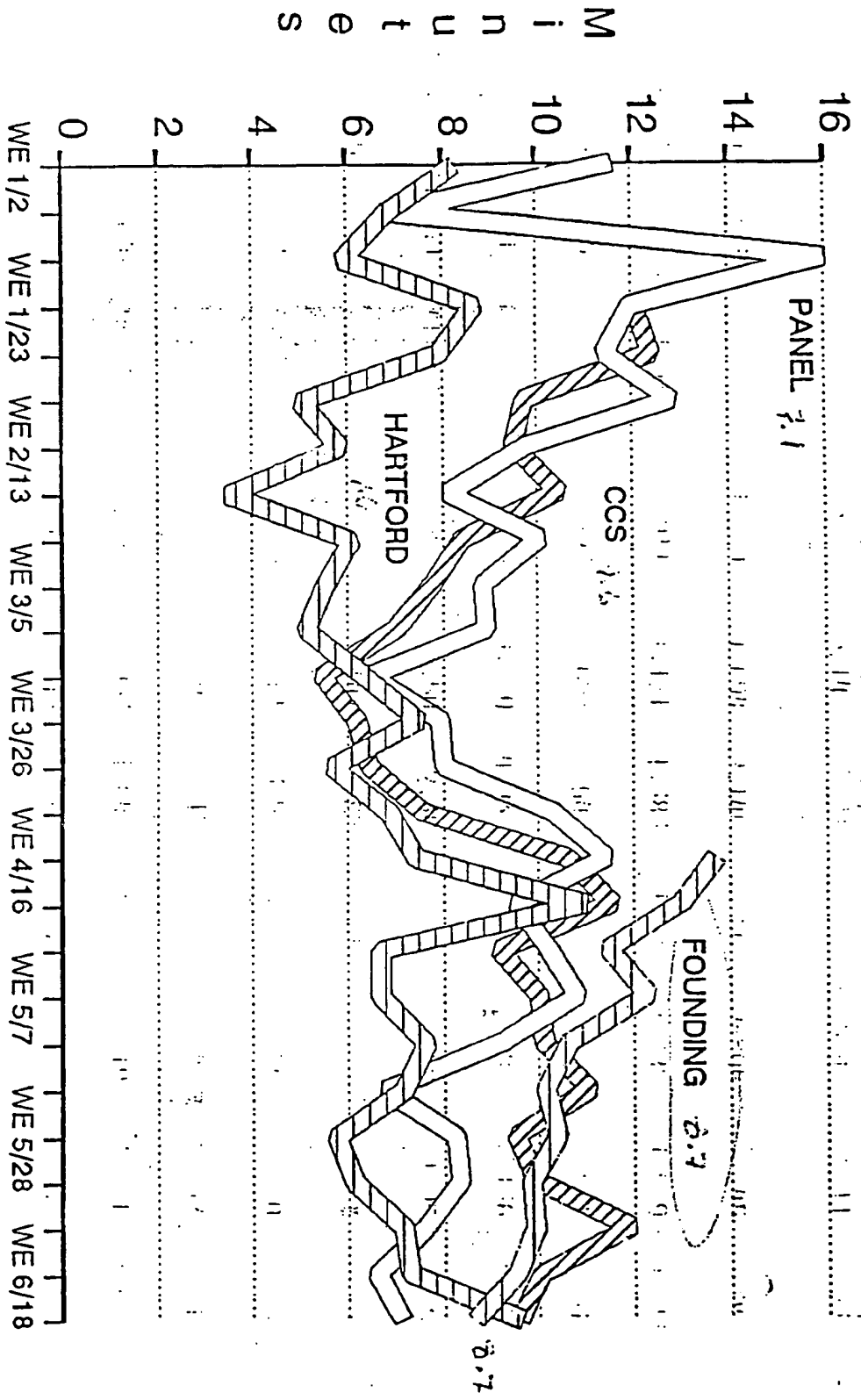


Exhibit A

SBC 003210

Daily Usage / All HH's

SBC 003211

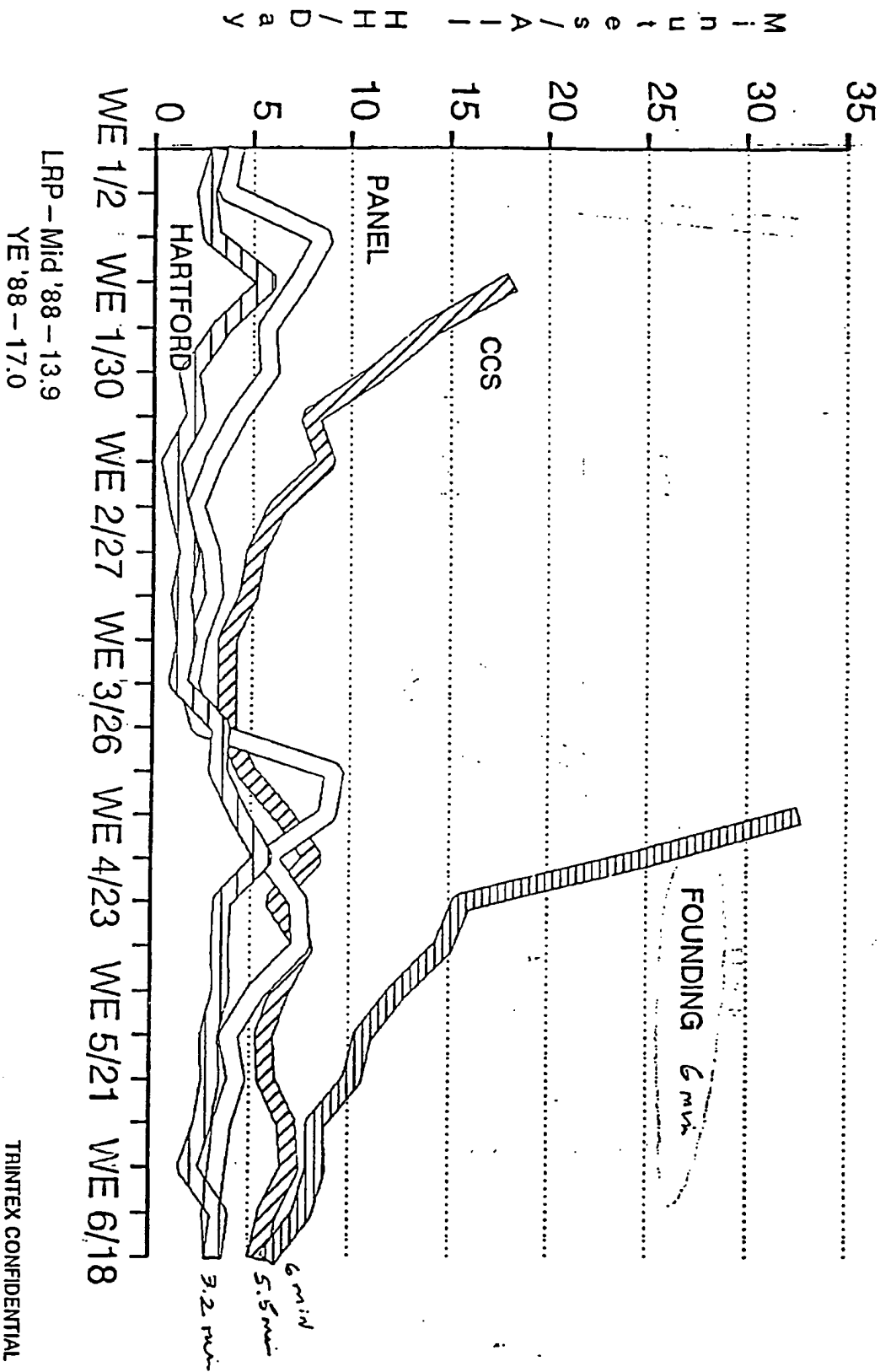
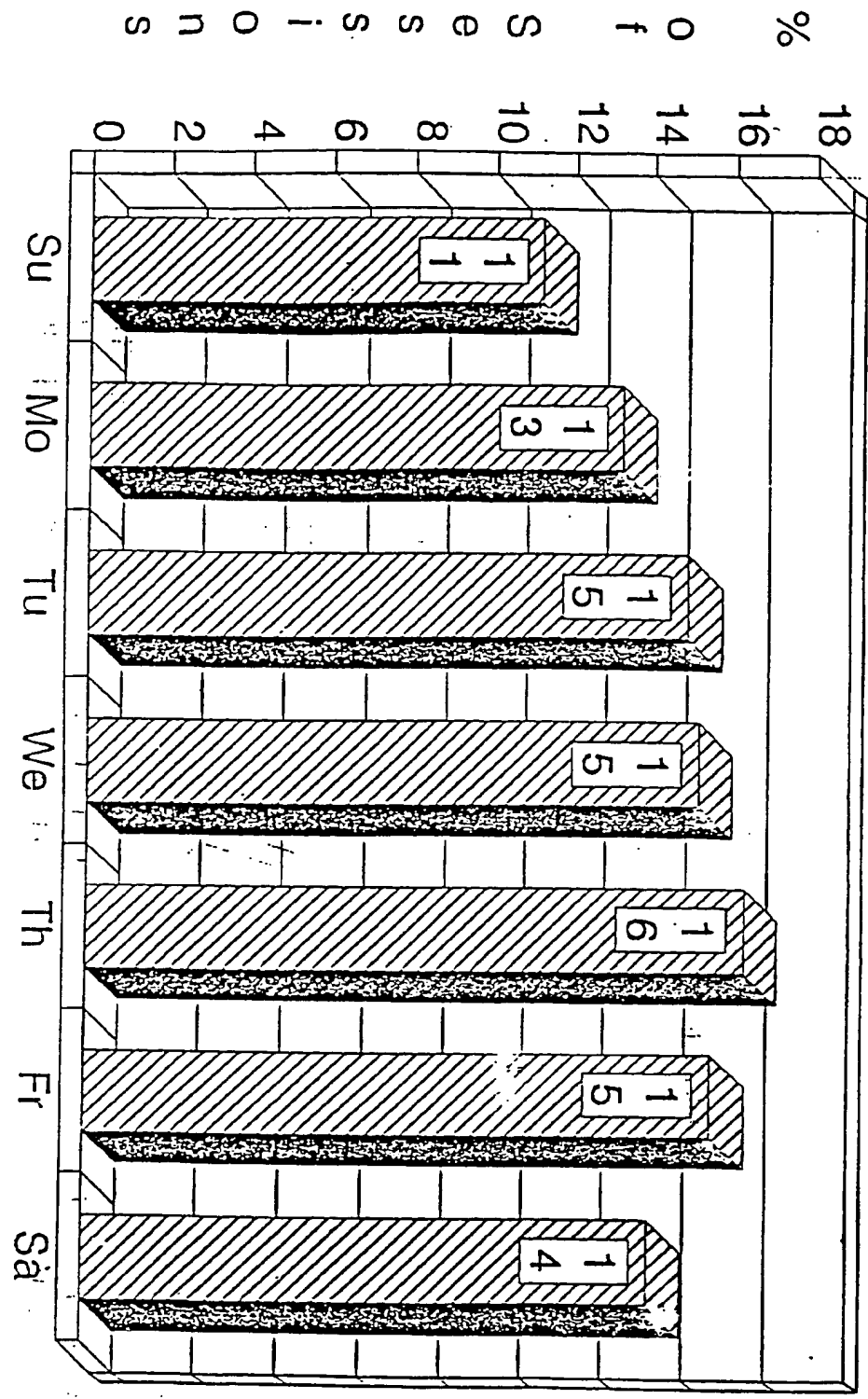


Exhibit A

TRINTEX CONFIDENTIAL

May 1988 Founding Members



SBC 003212

Exhibit A

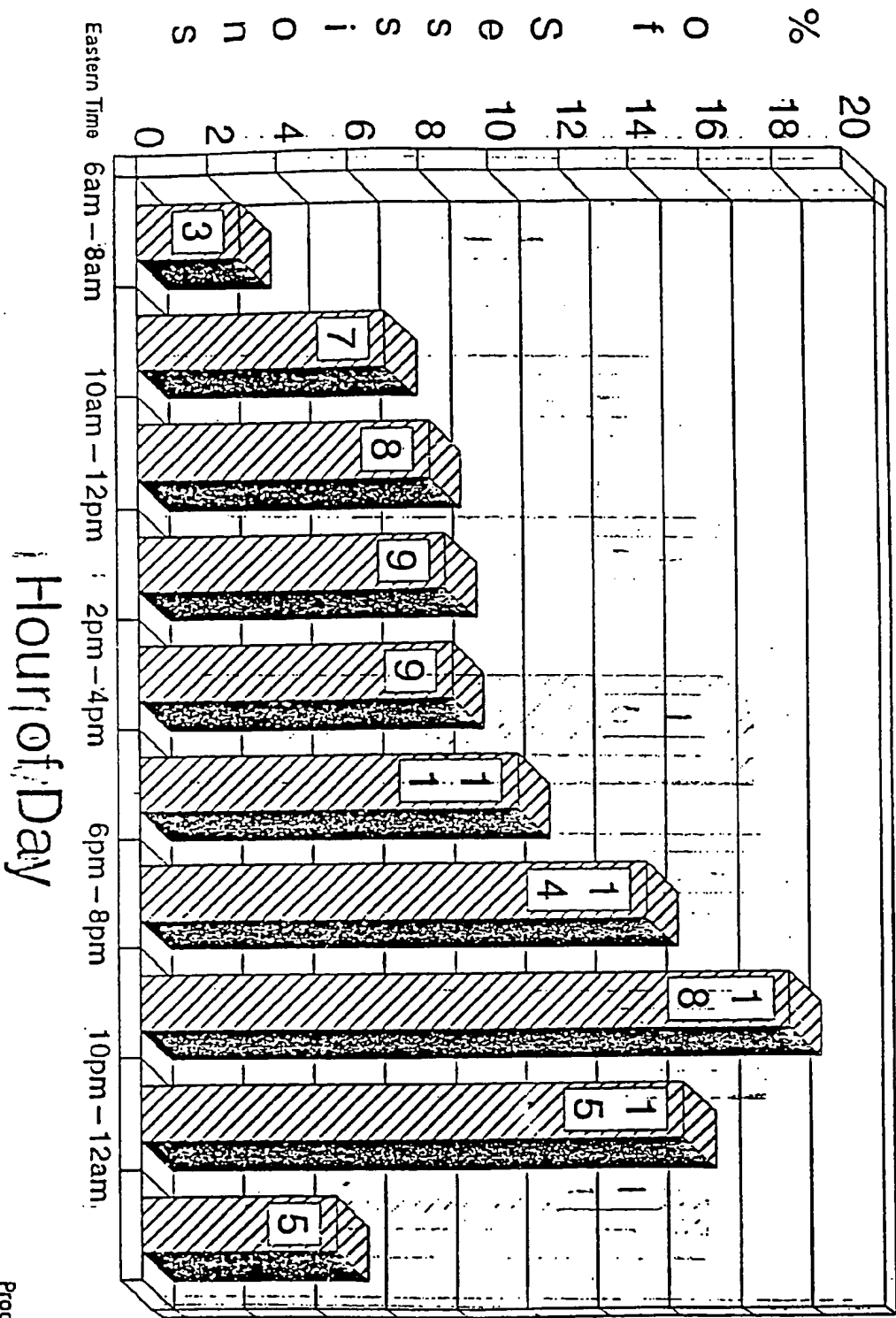
Day of Week

Prodigy Confidential

May 1988

Founding Members

*Hours of Day
Location of Members
Specified by*



Prodigy Confidential

SBC 003213

Exhibit A

FOUNDING MEMBERS

UNIQUE MEMBERS REACHED BY CATEGORY

| | 6/19-6/25 | | 6/12-6/18 | |
|------------------------|------------------------------|---------------------------|------------------------------|---------------------------|
| | UNIQUE MEMBERS REACHED | % OF ACTIVE MEMBERS | UNIQUE MEMBERS REACHED | % OF ACTIVE MEMBERS |
| WEATHER | 1,240 | 77% | 1,393 | 79% |
| NEWS | 1,134 | 71% | 1,287 | 73% |
| EXPERTS | 1,090 | 68% | 1,217 | 69% |
| SHOPPING (40) | 977 | 61% | 1,179 | 67% |
| MESSAGING | 977 | 61% | 1,092 | 62% |
| BUSINESS | 870 | 54% | 956 | 54% |
| PERSONAL INVESTING | 859 | 53% | 916 | 52% |
| FEATURES | 832 | 52% | 968 | 55% |
| SPORTS | 744 | 46% | 801 | 45% |
| HOUSE OF FUN | 711 | 44% | 928 | 53% |
| ADVERTISING (10) | 338 | 21% | 384 | 22% |
| BANKING/FINANCIAL (16) | 336 | 21% | 476 | 27% |
| TRAVEL (5) | 193 | 12% | 287 | 16% |
| TOTAL ACTIVE MEMBERS | 1,608 | 100% | 1,766 | 100% |
| TOTAL ENROLLED MEMBERS | 3,647 | NA | 3,462 | NA |

PRODIGY CONFIDENTIAL

SBC 003214

Exhibit A

SIGN ON, CASH IN SM GAME

WHAT IT IS:

- GAME TO STIMULATE USAGE
- ELIGIBLE: ~~FOUNDING MEMBERS~~
HARTFORD, PANEL, PARTNER AND C.C.S. TESTERS

- PHASE I RESULTS MAY 1 - JUNE 15:
36 WINNERS (26% OF IDS LISTED)
30 FOUNDING MEMBERS
6 TESTER MEMBERS
ACTIVE MEMBERS LOOKING AT THE GAME ONE OR MORE TIMES / WEEK:
OVER 75% OF FOUNDING MEMBERS
OVER 80% OF TESTER MEMBERS

PHASE II: JUNE 16 - JULY 15

DAILY WINNERS MAY CHOOSE \$100 OR EGA CARD
GRAND PRIZE DRAWING AMONG ALL WINNERS:
4-DAY CRUISE FOR 2 ON NORWEGIAN CRUISE LINE
PLUS \$1,000 TRAVEL ALLOWANCE

PHASE II RESULTS JUNE 16 - JUNE 26:

9 WINNERS (27% OF IDS LISTED)

8 FOUNDING MEMBERS

1 TESTER MEMBER

2 OF 9 REQUESTED EGA

SBC 003215

EXECPR5

TRINTEX CONFIDENTIAL

5/17/88

Exhibit A

SIGN ON, CASH INSM GAME RESULTS: FOUNDING MEMBERS

| | 5/1- 5/7 | 5/8- 5/14 | 5/15- 5/21 | 5/22- 5/28 | 5/29- 6/4 | 6/5- 6/11 | 6/12- 6/18 |
|---------------------------|-------------|--------------|---------------|---------------|--------------|--------------|---------------|
| ENROLLED MEMBERS | 1,234 | 1,694 | 2,146 | 2,509 | 2,804 | 3,145 | 3,462 |
| ACTIVE MEMBERS ON SERVICE | 911 | 1,171 | 1,383 | 1,541 | 1,486 | 1,659 | 1,766 |
| % ACTIVE MEMBERS | 74% | 69% | 64% | 61% | 53% | 53% | 51% |
| NUMBER SESSIONS | 3,596 | 4,230 | 4,937 | 5,709 | 5,287 | 6,136 | 6,454 |
| SESSIONS/ENROLLED MEMBER | 2.91 | 2.50 | 2.30 | 2.28 | 1.89 | 1.95 | 1.86 |
| % CHANGE | 1% | -14% | -8% | -1% | -17% | 4% | -4% |
| SESSIONS/ACTIVE MEMBER | 3.95 | 3.61 | 3.57 | 3.70 | 3.56 | 3.70 | 3.65 |
| % CHANGE | 8% | -9% | -1% | 4% | -4% | 4% | -1% |
| MEMBERS VIEWING GAME | 747 | 952 | 1,042 | 1,164 | 1,119 | 1,321 | 1,425 |
| % OF ACTIVE | 82% | 81% | 75% | 76% | 75% | 80% | 81% |

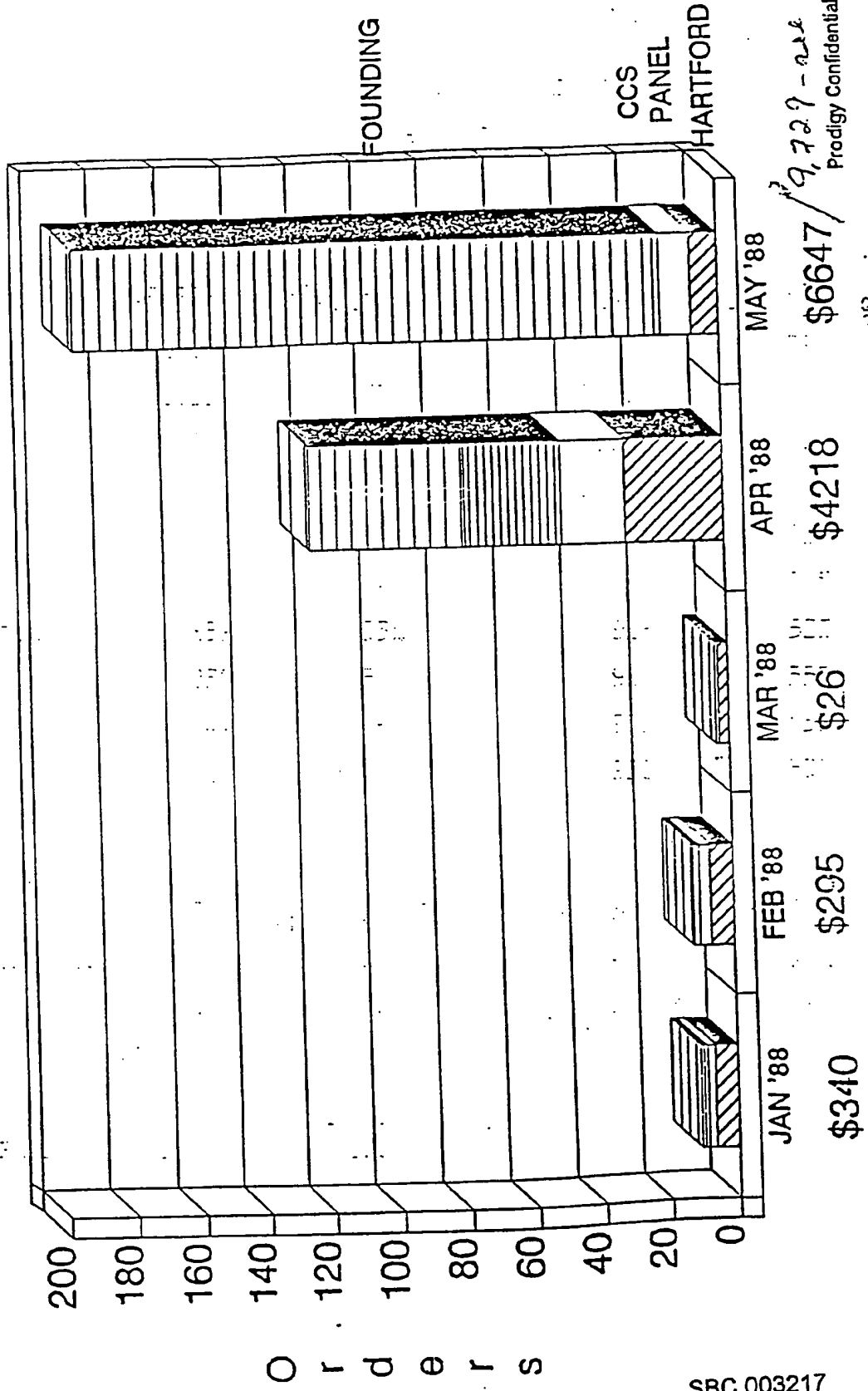
PRODIGY CONFIDENTIAL

SBC 003216

Exhibit A

Shopping Orders

Hartford, Panel, CCS, Founding



9,727-222
Prodigy Confidential
SBC 003217

MAY SHOPPING ACTIVITY
(see orders)

| CLIENT | SALES |
|----------------------------|------------|
| SEARS | \$3,965.36 |
| JC PENNEY | \$1,642.79 |
| NEIMAN MARCUS (avail 3/20) | \$1,539.50 |
| REI | \$436.90 |
| DARTEK | \$310.50 |
| FUJI | \$234.85 |
| COMPUTER EXPRESS | \$192.67 |
| CHANEL | \$190.00 |
| KNOWLEDGE COLLECTION | \$181.85 |
| RELIABLE | \$163.75 |
| DISNEY | \$138.40 |
| RIGHT START | \$133.75 |
| FORD MOTOR COMPANY | \$94.40 |
| SPINNAKER SOFTWARE | \$89.90 |
| WOODEN SPOON | \$73.25 |
| FLORSHEIM | \$72.95 |
| CURRENT | \$61.65 |
| NESTLE | \$52.00 |
| CHANELMARK | \$49.95 |
| IBM | \$39.75 |
| PENNACO | \$31.50 |
| DATA SET CABLE | \$18.50 |
| SPIEGEL | \$15.00 |
| TOTAL | \$9,729.17 |

PRODIGY CONFIDENTIAL

SBC 003218

Exhibit A

FATHER'S DAY COMMERCIAL MAIL

| | REI | JC PENNEY | SEARS |
|---------|-----|-----------|-------|
| WE 5/7 | --- | \$565 | \$590 |
| WE 5/14 | --- | \$150 | \$531 |
| WE 5/21 | --- | \$330 | \$939 |

5/22 COMMERCIAL MAIL SENT

| | | | |
|-----------|--------------|--------------|----------------|
| WE 5/28 | <u>\$94</u> | <u>\$576</u> | <u>\$1,025</u> |
| THRU 5/31 | <u>\$343</u> | <u>\$22</u> | <u>\$881</u> |

RIGHT STAMP

RECEIVED

RECEIVED

RECEIVED

RECEIVED

RECEIVED

RECEIVED

RECEIVED

RECEIVED

RECEIVED

RECEIVED

PRODIGY CONFIDENTIAL

SBC 003219

Exhibit A

RECEPTION SYSTEM RELEASE SCHEDULE

RECEPTION SYSTEM 6.2

| | |
|---|--------------|
| S/I & SURROGATE HARDWARE TO SAT | 4/29 |
| ALL SOFTWARE TO SAT (S/I, SURROGATE, R/S) | 5/31 |
| PRE-RELEASE TEST 6.2.0 MS-DOS | 6/02 ONGOING |
| S/I SURROGATE TESTING | 7/07 |
| FUNCTIONAL AND APPLICATION REGRESSION TESTS | 7/27 |
| R/S FINAL PACKAGING AND SAT EXIT | 8/05 |
| PRODUCTION AND SHIP TO FOSDICK | 8/22 |
| R/S 6.2 ON SERVICE - FOUNDING AND CHARTER MEMBERS | 9/01 |
| SHIP TO RETAILERS | 9/23 |
| START RETAIL SALES | 10/01 |

SBC 003220

Exhibit B

BANKING APPLICATIONS

BNE/CBT On – service 6/16/88
Account Balance
Customer Service
Limited Pilot

C&S MHT Replication – target 9/30/88

TRUSTCORP IBM based Service Provider
High level design in progress
Detailed planning in progress
2Q89 Target

CONTRACTS PENDING

- o Comerica
- o National Bank of Detroit
- o Citibank
- o Sovran
- o Bank of America

SBC 003221

PERSHING – PHASE1

- Entered S&AT on schedule – 6/10
- S&AT testing in progress – exit date 7/29
- Controlled user test/rehearsal
begins 8/88 with real trading
- On – service 8/31 – Company
milestone

SBC 003222

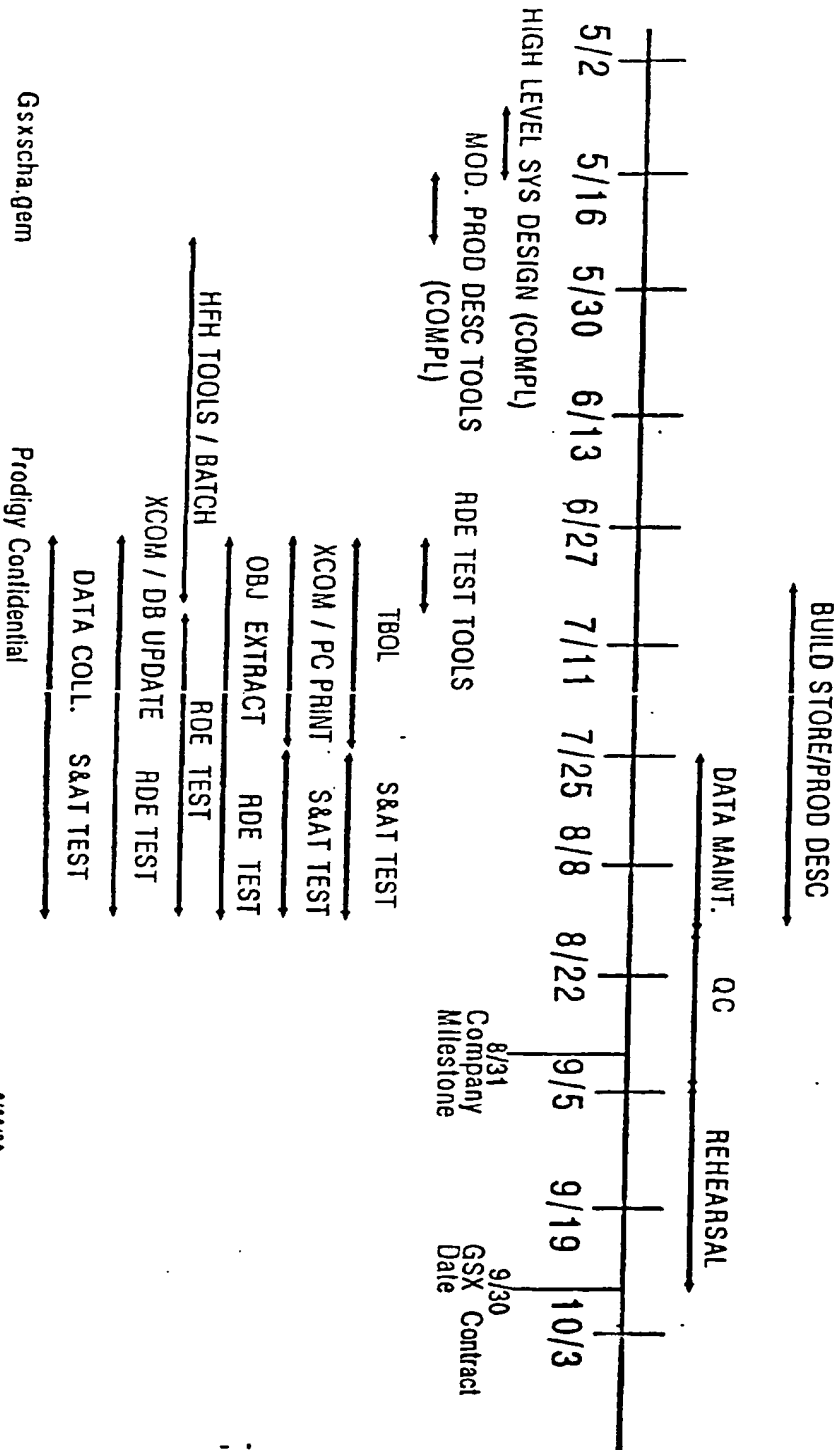
Exhibit B

KROGER

- Kroger Store, tools, programs – in production
- Rehearsal underway
- First production order will be processed
on June 30
- Regular commercial delivery – July 5

SBC 003223

GROCERY EXPRESS DEVELOPMENT/IMPLEMENTATION SCHEDULE



SBC 003224

AMERICAN AIRLINES – PHASE 1

- S&AT Testing Exit date – 6/24/88
- Rehearsal started – 6/25/88
- On – service – 7/15/88
- On schedule for company milestone

SBC 003225

QUICK MENU PHASE 1

WOODEN SPOON 5/31/88

CEO 6/27/88

QUICK GUIDE 7/30/88
PATH
REVIEW

JAR 5/17/88

SBC 003226

Exhibit B

ADDITIONAL APPLICATIONS

ON SERVICE IN JULY

- 0 DOW JONES NEWS
- 0 COMPUTER EXPRESS
- 0 BULLETIN BOARDS
- 0 CONSUMER REPORTS RATINGS

SBC 003227

Exhibit B

MAJOR COMPONENTS OF GROCERY SHOPPING

- 0 SHOP THE AISLES
- 0 PERSONAL GROCERY LIST
- 0 YOUR ORDER
- 0 TUTORIAL
- 0 SUGGESTION BOX

SBC 003228

A:0627801.057
DS-2

Exhibit C

KEY FEATURES FOR THE USER

0 PRODUCT MIX AND SELECTION

- LIVE SERVICE DATA BASE: 3,359 ITEMS
- NUMBER OF AISLES: 35
- PICK WINDOW COMMENTS

0 ON-LINE INSTRUCTIONS

- TUTORIAL (DEMO)
- PAGE/FIELD LEVEL HELP
- POWER TIPS
- STORE INFORMATION

ON-PAPER INSTRUCTIONS

- FACT SHEET: INSERT TO NEWSLETTER

0 USER SPECIFIED DELIVERY OPTIONS

- DELIVERY AREAS
- DAY AND TIMES
- SPECIAL INSTRUCTIONS WINDOW

0 USER SURVEY/FEEDBACK

- Q & A SET (ON-LINE)
- INTERVIEWS

SBC 003229

KEY FEATURES FOR THE CLIENT

0 PC ORDER PRINT SYSTEM

- PAYMENT REPORT
- PICKING REPORT
- CUSTOMER REPORT

0 CUSTOMER SERVICE

- MULTI-POINT MESSAGING

0 ADVERTISING

- BILLBOARD ADS
- "SPECIALS" APPLICATION COMMANDS

USER SURVEYS

- Q & A SET

SBC 003230

A:0627801.057
DS-2

Exhibit C

PLS AVAILABILITY

| | <u>4087</u> | <u>1988</u> | <u>APRIL</u> | <u>MAY</u> | <u>JUNE 1-27</u> |
|---------------------------|-------------|-------------|--------------|--------------|------------------|
| BLOOMFIELD | 93.4% | 97.2% | 97.4% | 98.9% | 96.2% |
| SOUTHINGTON | 97.0% | 96.7% | 98.2% | 99.2% | 97.2% |
| WHITE PLAINS | 97.0% | 97.3% | 97.6% | 98.9% | 97.0% |
| NORWALK | | | 97.6% | 99.1% | 97.2% |
| <u>ATLANTA</u> | | | <u>96.8%</u> | <u>94.2%</u> | <u>97.0%</u> |
| BERKELEY | | | 96.7% | 98.6% | 97.2% |
| PLEASANTON | | | 99.7% | 98.7% | 97.5% |
| PALO ALTO | | | 97.3% | 98.5% | 96.9% |
| SAN FRANCISCO (SPEAR ST.) | | | 98.9% | 98.6% | 96.8% |
| AVERAGE | 95.8% | 97.1% | 97.8% | 98.1% | 97.0% |

a:05028801.025

Prodigy CONFIDENTIAL

SBC 003231

Exhibit D

HOST OUTAGES

6/3 REFRESH LATE (CICS SOFTWARE) 00:50

SYSTEM PROGRAMMER CHANGED PROGRAM

6/4 REFRESH LATE (PODM SOFTWARE) 01:30

OPERATOR CIRCUMVENTION PROCEDURES IN PLACE
DEVELOPMENT FIX IN S&AT (BEATTIE)

6/9 HOST HARDWARE (DATA SWITCH) 00:15

VENDOR SERVICE PROCEDURE AMENDED
MANDATORY PRE-INSTALL CHECK ADDED

6/18 HOST SOFTWARE (TINA) 00:10

NETWORK AUTO START DID NOT FUNCTION
PROGRAM CHANGE TO CORRECT

6/21 REFRESH LATE (PRODUCER SOFTWARE - TTOPS) 02:40

CHANGE TO PRODUCER SOFTWARE BACKED OUT
DEVELOPMENT FIX IN S&AT

6/22 RAISED FLOOR A/C FAILURE 06:25

- WEEKLY FILTER CHANGE FREQUENCY (WAS MONTHLY)
- IMPROVE EARLY WARNING SYSTEM MONITORING (3RD FLOOR)

6/23 OPERATOR ERROR - STOPPED PRODUCTION NETWORK 00:55

- INVESTIGATE AUTOMATED COMMAND FILTER (7/18)

6/27 HOST HARDWARE/SOFTWARE TPF CHANNEL CHECK 00:30

- UNDER INVESTIGATION

SBC 003232

FIELD TECHNICAL OPERATIONS

MARKET ENTRY REVIEW

JUNE 27, 1988

PLS'S UNDER CONSTRUCTION:

CURRENT STATUS

SAN JOSE

INSTALLATION STARTED

LA ADI:

0 SHERMAN OAKS

CONNECTIVITY ESTABLISHED

0 CHINO

CONNECTIVITY ESTABLISHED

0 WHITTIER

CONNECTIVITY ESTABLISHED

0 SAN PEDRO

CONNECTIVITY ESTABLISHED

0 EAGLE ROCK

INSTALLATION STARTED

0 IRVINE

INSTALLATION STARTED

0 ANAHEIM

CONSTRUCTION STARTED

0 THOUSAND OAKS

CONSTRUCTION STARTED

0 SAN DIEGO

CONSTRUCTION STARTED

0 INGLEWOOD

FX, SITE SELECTION

0 SANTA BARBARA

LEASE SIGNED, FX

SACRAMENTO ADI:

0 MODESTO

CONSTRUCTION STARTED

0 SACRAMENTO

CONSTRUCTION STARTED

SBC 003233

0:0421801.020
RRF/4

Prodigy Confidential

Exhibit D

FIELD TECHNICAL OPERATIONS

MARKET ENTRY REVIEW

JUNE 27, 1988

1989 ROLLOUT PLAN

CURRENT STATUS

ADI'S:

| | | |
|---|-----------------------------|-------------------|
| 0 | DETROIT(3) | LEASE NEGOTIATION |
| 0 | BOSTON (3) | LEASE NEGOTIATION |
| 0 | NEW YORK | |
| | - MANHATTAN, QUEENS | LEASE NEGOTIATION |
| | - NASSAU CO, NEW JERSEY (2) | SITE SELECTION |
| 0 | WASHINGTON, DC | SITE SELECTION |
| 0 | BALTIMORE | SITE SELECTION |
| 0 | PHILADELPHIA | NETWORK DESIGN |
| 0 | DENVER | SITE SELECTION |
| 0 | CLEVELAND | SITE SELECTION |

SBC 003234

0:0421801.020
RRF/4

Prodigy Confidential

COMMERCIAL MARKETING

JUNE HIGHLIGHTS

AMA SPEECH

MORGAN STANLEY SPEECH

NEW PRICING, EFFECTIVE 7/1

APPLE COMPUTER

K-MART

COMPUTER EXPRESS DATABASE

CITIBANK, BANK OF AMERICA

NBD, COMERICA

SUPER/VALUE

KROGER: ATLANTA

DETROIT, DENVER, HOUSTON, DALLAS

OLYMPIC SAVINGS WEEK

SBC 003235

A:0628801.004

Exhibit E

PRODIGY CONFIDENTIAL

COMMERCIAL MARKETING

CONTRACT STATUS

AS OF 06/27/88

| | <u>IN 1988</u> | <u>CUMULATIVE</u> |
|------------------------|----------------|-------------------|
| SALES PACKAGES | 40 | 106 |
| SPECIALTY APPLICATIONS | 7 | 15 |
| | <hr/> | <hr/> |
| TOTAL | 47 | 121 |

CLIENTS 113

SBC 003236

A:06288PH2.CAG

Exhibit E

Prodigy Confidential

JUNE CONTRACTS

PACKAGES

- FINANCIAL SERVICES:
- ALLSTATE LIFE
 - DOW JONES NEWS RETRIEVAL
 - PRINCIPLE FINANCIAL
- NATIONAL MARKETING:
- APPLE COMPUTER
 - BRITANNICA SOFTWARE
- TRAVEL:
- ALAMO RENT-A-CAR
 - AMERICAN TRAVELER CATALOG
 - DISCOUNT TRAVEL INTERNATIONAL
 - EDWARDS & EDWARDS
 - SHERATON HOTELS

TOTAL = 10

SPECIALTY APPLICATIONS

- BANKING:
- COMERICA
 - NATIONAL BANK OF DETROIT

- GROCERY:
- NASH FINCH

TOTAL = 3

SBC 003237

A:06288PH2.CAG

Exhibit E

Prodigy Confidential

SPECIALTY APPLICATION CONTRACTS

AS OF 06/27/88

PROSPECTS

| | | | |
|----------------|---|--------------------------|-----|
| <u>BANKING</u> | - | BANK OF AMERICA | |
| | | CITIBANK | |
| | | SOVRAN | |
| | | | 3 |
| <u>GROCERY</u> | - | D'AGOSTINO/CONNECTICUT | |
| | | | 1 |
| <u>TRAVEL</u> | - | ORG DATABASE | |
| | | COMP-U-CARD SERVICE PLUS | |
| | | CRUISE-SCAN DATABASE | |
| | | | 3 |
| | | | |
| | | TOTAL PROSPECTS | = 7 |

SBC 003238

A:06288PH2.CAG

Exhibit E

Prodigy Confidential

JULY PROSPECTS

PAGE 1 OF 2

PACKAGES

BANK MARKETING

- BANK OF AMERICA
- COMERICA
- SOVRAN

CATALOG/RETAIL

- EGGHEAD SOFTWARE
- K-MART
- SAKS
- TIME/LIFE BOOKS

FINANCIAL SERVICES

- BUSINESS WEEK
- DOW JONES/WALL ST. JOURNAL
- GEICO
- STANDARD & POORS
- U.S. POST OFFICE
- VALUE LINE

SBC 003239

A:06288PH2.CAG

Prodigy Confidential

Exhibit E

JULY PROSPECTS

PAGE 2 OF 2

NATIONAL

- BROOKTROUT TECHNOLOGY
- CAMPBELL SOUP
- CHLOROX
- ELECTRONIC ARTS
- HAYES
- KODAK
- MANNINGTON
- MIRIAM WEBSTER
- NEC INFO SYSTEMS

TRAVEL

- AMERICAN FLY-DRIVE TOURS
- SITMAR CRUISES
- UNITED VACATIONS

TOTAL

25

SBC 003240

A:06288PH2.CAG

Exhibit E

Prodigy Confidential

COMMERCIAL DESTINATION CATEGORIES

SHOPPING I

Travel

Pastimes

Boutiques

Clothing

Dept. Stores

Sports, Etc.

SHOPPING II

Your Home

Auto

PC Software

PC Products

Audio/Video

Photography

FINANCE

Banking

Insurance

Credit/Loan

Investments

SBC 003241

BANKING

A Leading Bank in Each Launch Market

Providing: Electronic Branch
Account Look-Up
Funds Transfer
Bill Payment
Messaging

| | |
|-----------------|--|
| Connecticut | B.N.E. |
| Atlanta | C & S |
| California | Great Western* , B of A, Citibank |
| Detroit | NBD, COMERICA, TOLEDO Tr, |
| Boston | B.N.E. |
| Washington D.C. | Sovran |
| Baltimore | Sovran |
| Philadelphia | |
| New York | MHT, Citibank |
| Denver | Comerica |
| Miami | C & S |
| Seattle | B of A |
| Houston | |
| Dallas | |
| Chicago | Citibank , NBD |

Contracts: MHT, C&S, Toldeo Trust, Great Western*, NBD, Comerica

Contract Negotiations: Citibank, B of A, Sovran

Field Test: B.N.E.

SBC 003242

* Electronic Branch Only

D/205-23-88

Exhibit F

GROCERY

A quality grocery provider in
each launch market:

4,000+ Items
Home Delivery

| | |
|---------------------|----------------------------|
| Connecticut | Haberman/D'Agostino/Finast |
| Atlanta | Kroger |
| San Francisco | Grocery Express |
| Sacramento | Market Wholesale Grocery |
| Southern California | |
| Detroit | Kroger |
| Boston | Haberman/D'Agostino/Finast |
| Washington D.C. | Giant |
| Baltimore | |
| Philadelphia | |
| New York | Haberman/D'Agostino/Finast |
| Denver | Kroger |
| Miami | |
| Seattle | |
| Houston | Kroger |
| Dallas | Kroger |
| Chicago | Nash Finch |

Contracts: Kroger, Grocery Express, Nash Finch

Contract Negotiations: Haberman/D'Agostino/Finast,
Supervalu

SBC 003243

COMMERCIAL DESTINATION CATEGORY

G R O C E R Y

| | |
|---------------------|----|
| 1. Grocery Stores | 5. |
| 2. Carnation | 6. |
| 3. Pillsbury | 7. |
| 4. Procter & Gamble | 8. |
| 9. | |

KEY PROSPECTS:

Campbells Soup
General Foods

SBC 003244

COMMERCIAL DESTINATION CATEGORY

TRAVEL

Description: Will become next Commercial Building to provide Members the ability to choose from a variety of travel options and book transportation, lodging, tours, and cruises based on the type of activity / destination.

| | |
|--|--|
| 1. TRAVEL CENTRAL Steven Birnbaum, Travelog, Travel Forecast | |
| 2. BritRail | 6. Air France |
| 3. British Tourist Authority | <u>UNDER DEVELOPMENT:</u> |
| 4. Norwegian Cruise Line | <input type="radio"/> Eaasy Sabre |
| 5. Trusthouse Forte | <input type="radio"/> Sheraton |
| | <input type="radio"/> Edwards & Edwards |
| | <input type="radio"/> Alamo |
| | <input type="radio"/> Rosenbluth |
| | <input type="radio"/> American On-Line Service |
| | <input type="radio"/> Allstate Motor Club |
| | <input type="radio"/> Budget Rent A Car |
| | <input type="radio"/> Cortell Atlantic & Pacific |
| | <input type="radio"/> Globus Gateway |
| | <input type="radio"/> National Car Rental |

KEY PROSPECTS:

Sitmar Cruise Lines

United Vacations

Qantas

Official Recreation Guide

Comp-U-Card Travel Club

Mass Lottery

Cruise Scan Database

COMMERCIAL DESTINATION CATEGORY

PASTIMES

Description: Provides members with a variety of ENTERTAINMENT choices focusing on BOOKS, RECORDED MUSIC and miscellaneous activities. As content expands for sub-categories within PASTIMES, new destination categories will be developed.

| | |
|---|--|
| 1. PASTIMES CENTRAL Book Tip, Bridge, Encyclopedia Britannica, Diehl, Music Tip, Etc. | |
| 2. McCall's Cooking School | 6. Showtime <u>UNDER DEVELOPMENT:</u> <input type="radio"/> Bantam Books <input type="radio"/> Doubleday Books <input type="radio"/> Musicland (Sam Goody) |
| 3. Reading Center | |
| 4. Knowledge Collection | |
| 5. Your Opinion | |

KEY PROSPECTS:

Time/Life Books
Musicland (Data Base)
Miriam Webster

SBC 003246

COMMERCIAL DESTINATION CATEGORY

DEPT. STORES

Description: Members will look in this category for clients recognized as Department Stores. Their product offerings will cover many other categories.

| | |
|--|---|
| 1. DEPT. STORES CENTRAL News by Industry: Retail, Personal, CR Library, etc. | |
| 2. Sears | 6. |
| 3. JC Penney | 7. |
| 4. Neiman Marcus | <u>UNDER DEVELOPMENT:</u> <input type="radio"/> The Broadway <input type="radio"/> Lechmere |
| 5. | |

KEY PROSPECTS:

Carson, Pirie, Scott & Co.
K mart
Harris Dept. Stores
Saks

COMMERCIAL DESTINATION CATEGORY

P C P R O D U C T S

Description: This category will cover PC Hardware, Peripherals and Accessories. Purchasing will take place both directly and via computer retailers/catalogers.

| | |
|--|-----------------------------|
| 1. PC PRODUCTS CENTRAL PC News, Consumer Reports (Printers), Alsop | |
| 2. Dartek | 6. Computer Express |
| 3. NEC Home Electronics | 7. |
| 4. IBM | <u>UNDER DEVELOPMENT:</u> |
| 5. Data Set Cable | <input type="radio"/> Apple |

KEY PROSPECTS:

Hayes
NEC Information Systems
Tandy

SBC 003248

D/20:5-23-88

Exhibit E

COMMERCIAL DESTINATION CATEGORY

PC SOFTWARE

Description: Software publishers will provide detailed product information; Computer Express will provide a Discount Fulfillment data base; and PC Software Central will provide product reviews.

| | |
|--|---|
| 1. PC SOFTWARE CENTRAL Also: Industry News, PC News, Consumer Reports (PC) | |
| 2. Spinnaker Software | 6. Computer Express |
| 3. Software Publishing Corporation | 7. |
| 4. Power Up! | <u>UNDER DEVELOPMENT:</u> |
| 5. Broderbund Software | <ul style="list-style-type: none"><input type="radio"/> Activision/Infocom<input type="radio"/> Microsoft<input type="radio"/> Computer Express (Data Base / Fulfillment)<input type="radio"/> Britannica Software |

KEY PROSPECTS:

Egghead Software
Brooktrout Technology
Electronic Arts

SBC 003249

D/20:5-23-88

Exhibit E

COMMERCIAL DESTINATION CATEGORY

INSURANCE

Description: All insurance companies will appear in this category until segmented into the types of insurance provided (Life, Health, Auto, etc.).

| | |
|-----------------------------------|---|
| 1. Aetna | |
| 2. Allstate - Property & Casualty | 6. |
| 3. Colonial Penn | 7. |
| 4. Animal Health | <u>UNDER DEVELOPMENT:</u> |
| 5. | <ul style="list-style-type: none"><input type="radio"/> Travelers<input type="radio"/> Washington National Life<input type="radio"/> Sun Life<input type="radio"/> Allstate Life |

KEY PROSPECTS:

GEICO
John Hancock

SBC 003250

COMMERCIAL DESTINATION CATEGORY

INVESTMENTS

Description: The Investments category will migrate to logical groups based on product offerings (stocks, mutual funds, CD's, Bonds, Real Estate, etc.).

| | |
|-----------------------------------|---|
| 1. Sears Financial Network | |
| 2. Coldwell Banker Real Estate | 6. |
| 3. Dean Witter | 7. |
| 4. Dreyfus | <u>UNDER DEVELOPMENT:</u> |
| 5. | <ul style="list-style-type: none"><input type="radio"/> Pershing (Brokerage)<input type="radio"/> Scudder<input type="radio"/> 20th Century Investors<input type="radio"/> Dow Jones NewsRetrieval<input type="radio"/> Principle Financial |

KEY PROSPECTS:

Business Week
Dow Jones (WSJ - Barrons)
Standard & Poors
Value Line
Principle Financial
Inc.
Forbes

SBC 003251

COMMERCIAL DESTINATION CATEGORY

BOUTIQUES

Description: This miscellaneous category is intended to be a browsing category for Members. Clients will move from this category to their own when sufficient additional clients are live (example: CHANEL to a fragrances/cosmetics category).

| | |
|--|---|
| 1. BOUTIQUES CENTRAL Under 21, Carmen Sandiego, etc. | |
| 2. The Right Start | 6. Current |
| 3. Nestles | 7. Sophisticated Legs |
| 4. Disney | <u>UNDER DEVELOPMENT:</u> |
| 5. CHANEL | <input type="radio"/> The Great Living Catalog <input type="radio"/> PetWorks <input type="radio"/> Texas Instruments |

KEY PROSPECTS:

Compartments (Div. Carson, Pirie, Scott)
TSR (Toys / Games / Hobbies)

SBC 003252

COMMERCIAL DESTINATION CATEGORY

APPAREL / ACCESSORIES

Description: Clients whose main products are apparel/accessories will be featured in this category. When multiple linkages are available clients will be able to appear in multiple destination categories (i.e. Neiman Marcus could appear in Clothing as well as Department Stores).

| | |
|--|-----------|
| 1. CLOTHING CENTRAL Marylou Luther Fashion Column, John Molloy "Dress for Success", etc. | |
| 2. Round the Clock Hose | 6. |
| 3. Givency | 7. |
| 4. Florsheim | 8. |
| 5. Spiegel | 9. |

KEY PROSPECTS:

Saks
County Seat
Carson, Pirie, Scott, Direct
J. C Penney (Expansion)
REI (Expansion)

S P O R T S E T C.

| | |
|--|---|
| <p>1. SPORTS ETC. CENTRAL Cosell, Schaap, Sports Scores, Standings, Home Teams, Stories, etc.</p> | |
| <p>2. REI</p> | <p>6.</p> |
| <p>3. Marcy Fitness</p> | <p>7.</p> |
| <p>4.</p> | <p><u>UNDER DEVELOPMENT:</u></p> |
| <p>5.</p> | <p><input type="radio"/> Life Fitness</p> <p><input type="radio"/> Lechmere</p> |

K Mart (Sporting Equipment)
Sears (Expansion)

COMMERCIAL DESTINATION CATEGORY

YOUR HOME

Description: Clients who's products and services relate to the home. In the future this category can be divided into: Lawn/Garden, Appliances, Home Improvements, etc.

| | |
|--|--|
| 1. YOUR HOME CENTRAL At Home, Heloise, Consumer Reports (Appliances), etc. | |
| 2. Rubbermaid | 6. Sunbeam Products |
| 3. Amana | 7. |
| 4. The Wooden Spoon | <u>UNDER DEVELOPMENT:</u> |
| 5. Reliable Home Office | <input type="radio"/> Andersen Windows <input type="radio"/> MCI <input type="radio"/> DuPont - Corian |

KEY PROSPECTS :

K-Mart
Sears (Expansion)

COMMERCIAL DESTINATION CATEGORY

AUTO

Description: The Auto category is being designed to include new cars, financing and leasing information, automotive services, auto insurance, etc.

| | |
|---|--|
| 1. AUTO CENTRAL Last Garage, Wheels, Consumer Reports (Auto Topics) | |
| 2. Ford | 6. GMAC |
| 3. Buick | 7. |
| 4. Audi | <u>UNDER DEVELOPMENT:</u> |
| 5. Autovision | <ul style="list-style-type: none"><input type="radio"/> Nissan<input type="radio"/> Ford Motor Credit<input type="radio"/> Sears |

KEY PROSPECTS:

K-Mart

SBC 003256

COMMERCIAL DESTINATION CATEGORY

AUDIO / VIDEO

Description: Manufacturers of Audio and Video products will be joined by catalogers and retailers.

| | |
|---|--|
| 1. AUDIO/VIDEO CENTRAL Inside Soaps, Movie Srch. (DB), Movie Tip, Cnsmr. Rpts. Cable TV, etc. | |
| 2. SONY - Television | 6. NEC |
| 3. Technics | 7. |
| 4. Panasonic | 8. |
| 5. Sony - VCR Camcorders | 9. <u>UNDER DEVELOPMENT:</u> Lechmere |

KEY PROSPECTS:

Toshiba
SCM
Bose

SBC 003257

COMMERCIAL DESTINATION CATEGORY

PHOTOGRAPHY

Description: The Photography category will feature the top camera and film manufacturers, film processing laboratories, retailers and catalogers.

| | |
|---|-----------------------------|
| 1. PHOTOGRAPHY CENTRAL Photo News, Art Gallery | |
| 2. Polaroid | 6. |
| 3. Fuji | 7. |
| 4. | <u>UNDER DEVELOPMENT:</u> |
| 5. | <input type="radio"/> Nikon |

KEY PROSPECTS:

Seattle Filmworks
K mart
Kodak
Canon
Minolta

SBC 003258

COMMERCIAL DESTINATION CATEGORY

CREDIT / LOAN

Description: Credit and Loan providers will be featured. The plan is to segment this category to move specific credit / loan products (Mortgages, Credit Cards, Personal Loans, etc.).

| | |
|---------------------------|--|
| 1. Sears Consumer Finance | |
| 2. Discover Card | 6. |
| 3. Sears Mortgage | 7. |
| 4. American Express | <u>UNDER DEVELOPMENT:</u> |
| 5. | <input type="radio"/> TRW (Credentials Svc.) |

KEY PROSPECTS:

SBC 003259

OVERALL CLIENT WORK UNIT STATUS (6/27/88)

| <u>PHASE</u> | <u># OF CLIENTS</u> |
|---|---------------------|
| CONTRACTS IN HOUSE | 29 |
| MARKET DEVELOPMENT WORKSHEETS IN PROCESS | 4 |
| CONCEPT/SAMPLE CREATE | 3 |
| CONSENT CREATE | 8 |
| CLIENT CONSENT | 4 |
| PRE-LIVE | 1.5 |
| LIVE | 63 |
| | <u>112.5</u> |

AS OF 6/27/88, 106 CUMULATIVE NEW SALES PACKAGES SOLD.

NOTE: INCLUDES NEW CLIENT PACKAGES AND ADDITIONAL SALES TO
CLIENTS AS FULL AND PARTIAL WORK UNITS.

*Database - Comp. Exp.
Total - added*

SBC 003260

A:0627801.057

SP-H

Exhibit F

6/30 MILESTONE STATUS

| <u>CANDIDATES</u> | <u>STAGE</u> | <u>LIKELY DATE</u> |
|-----------------------|----------------|--------------------|
| INFOCOM | CONSENT CREATE | 7/15 |
| P & G | CLIENT CREATE | 7/15 |
| MCI | LIVE | |
| ANDERSEN | CLIENT CONSENT | 7/15 |
| CARNATION | CONSENT CREATE | 7/15 |
| FORD MOTOR CREDIT | CONSENT CREATE | 7/15 |
| TRW | CLIENT CONSENT | 7/05 |
| ALLSTATE MOTOR CLUB | CONSENT CREATE | 7/15 |
| DTI | CONSENT CREATE | 7/15 |
| NEIMAN MARCUS | LIVE | |
| BALLY | PRE LIVE | 6/30 |
| BANTAM | CLIENT CONSENT | 7/22 |
| DOUBLEDAY | CONSENT CREATE | 7/22 |
| SEARS (.5) | LIVE | |
| COMPUTER EXPRESS (.5) | PRE LIVE | 6/30 |
| RIGHT START (.5) | CONSENT CREATE | 7/15 |
| GREAT LIVING | CONSENT CREATE | 7/07 |
| BUSINESS SERVICES PKG | CONSENT CREATE | 6/30 |

COMPLETED CLIENT REFRESHES

| <u>CLIENT</u> | <u>PACKAGE SIZE</u> | <u># SCREENS</u> | <u>COMPLETION DATE (1988)</u> |
|-------------------|-------------------------|------------------|-----------------------------------|
| BRIT RAIL | B | 1 | 1/01 |
| WOODEN SPOON | C | 28 | 1/04 |
| POLAROID | B | 1 | 2/02 |
| RIGHT-START | C | 24 | 2/02 |
| REI | C | 22 | 2/05 |
| SEARS MERCH | D | 200 | 2/29 |
| NESTLES | C | 5 | 3/23 |
| BTA | B | 10 | 3/30 |
| COLDWELL | C | 20 | 4/06 |
| SHOWTIME MARON | A | 5 | 4/06 |
| SUNBEAM | B | 10 | 4/06 |
| SEARS HIPS | | 20 | 4/19 |
| NESTLES | C | 15 | 5/02 |
| AIR FRANCE | C | 8 | 5/20 |
| WOODEN SPOON | C | 50 | 5/28 |
| CHANEL | B | 4 | 5/31 |
| SEARS MERCH | D | 350 | 6/02 |
| DARTEK | C | 40 | 6/10 |
| MARCY | B | 10 | 6/17 |
| - - - - - | | | |
| JC PENNEY (PH II) | D | 200 | 4/08 |
| MHT (PH II) | C+ | 40 | 7/15 |

SBC 003262

A:0627801.057
SP-H

Exhibit F

CLIENT REFRESHES IN PROGRESS

| <u>CLIENT</u> | <u>PACKAGE SIZE</u> | <u># SCREENS</u> | <u>LIKELY DATE</u> |
|---------------|-------------------------|------------------|------------------------|
| SPINNAKER | C | 6 | 7/04 |
| JCP | D | 50 | 7/08 |
| CHANNELMARK | B | 11 | 7/12 |
| DISCOVER | C | 50 | 7/20 |
| SEARS CONS. | D | 70 | 7/22 |
| DEAN WITTER | C | 50 | 7/04 |
| MHT | B | 50 | 7/15 |
| FUJI | B | 10 | 7/15 |
| RIGHT START | C | 80 | 6/30 |
| SEARS MORT. | D | 30 | 7/11 |
| REI | C | 65 | 6/27 |

EPIC CLIENTS

| <u>CLIENT</u> | <u>PACKAGE SIZE</u> | <u># SCREENS</u> | <u>EPIC DAY</u> |
|---------------|-------------------------|------------------|---------------------|
| COLDWELL | C | 4 | EVERY WED. |
| DISCOVER | C | 3 | EVERY TUES. |
| DISNEY | C | 1 | WEEKLY |
| KEY BANK | A | 3 | EVERY FRI. |
| MHT | B | 5 | EVERY TUES. |
| PACIFIC IBM | C | 10 | EVERY TUES. |
| SEARS FIN. | B | 3 | EVERY TUES. |

BANK MARKETING

CREDIT UNION ACTIVITY

CALIFORNIA: PACIFIC IBM EMPLOYEES FCU
 LOCKHEED EMPLOYEES CREDIT UNION

ATLANTA: IBM SOUTHEAST EMPLOYEES CREDIT UNION
 DELTA EMPLOYEES CREDIT UNION

NATIONAL: BANCONE (AARP)

OTHER: IBM ENDICOTT/OMEGA EMPLOYEES FCU
 IBM POUGHKEEPSIE EMPLOYEES FCU
 IBM ROCKY MOUNTAIN EMPLOYEES FCU

SBC 003265

BANKING

A: Leading Bank in Each Launch Market

Providing: Electronic Branch
 Account Look-Up
 Funds Transfer
 Bill Payment
 Messaging

| | |
|------------------------|---|
| Connecticut: | B.N.E. |
| Atlanta | C & S |
| California | Great Western*, B of A, Citibank |
| Detroit | NBD, COMERICA, TOLEDO Tr, |
| Boston | B.N.E. |
| Washington D.C. | Sovran |
| Baltimore | Sovran |
| Philadelphia | |
| New York | MHT, Citibank |
| Denver | Comerica |
| Miami | C & S |
| Seattle | B of A |
| Houston | |
| Dallas | |
| Chicago | Citibank, NBD |

Contracts: MHT, C&S, Toledo Trust, Great Western*, NBD, Comerica

Contract Negotiations: Citibank, B of A, Sovran

Field Test: B.N.E.

* Electronic Branch Only

EXHIBIT 6

SBC 003266

BANK MARKETING

CREDIT UNION STRATEGY

o PART OF EXISTING STRATEGY

o TERRITORY PROSPECTS

- QUALIFIED BY:

- . SIZE
- . MEMBER PROFILE
- . MEMBER HOUSEHOLD CONCENTRATION

o NATIONAL PROSPECTS

- . AARP
- . LEAGUE OF IBM CREDIT UNIONS

o ISSUES

- . COST JUSTIFICATION
- . MEMBER GEOGRAPHIC CONCENTRATION

SBC 003267

EXHIBIT 6

PRODIGY PARTNER EMPLOYEE OFFER

C&S BANKING PACKAGE

0 6 MONTHS FREE PC BANKING IF SIGN-UP BY 9/30/88

0 FREE CHECKING FOR 1 YEAR

0 FREE INITIAL SET OF CHECKS

0 FREE DIRECT DEPOSIT

0 50 BASIS POINTS OFF INSTALLMENT LOAN

(POST BANK WITH C&S AND ALLOW AUTOMATIC DEBIT FOR PAYMENT)

0 RATE WATCHER CREDIT CARD FEE WAIVED FOR 1 YEAR

0 25 BASIS POINTS BONUS ON TIME DEPOSITS

0 PREFERRED READY EQUITY HANDLING

EXHIBIT 6

SBC 003268



YEAR-TO-DATE ORDERS & ENROLLMENTS

DATE 28 JUNE 1988

| ORDERS | MODEMS | PERCENT |
|--------|--------|---------|
| 3,231 | 606 | 19% |
| 3,175 | 199 | 6% |
| | | |
| 6,406 | 805 | 13% |

| |
|----------|
| FOUNDING |
| CHARTER |
| |
| TOTAL |

ENROLLMENTS

| |
|-------|
| 2,380 |
| 3,672 |
| 1.54 |

| |
|-------------|
| MEMBERSHIPS |
| MEMBERS |

MEMBERS PER HOUSEHOLD

EXHIBIT H

SBC 003269

CHARTER MEMBER ORDERS

ACTUAL vs. PLAN

| <u>WEEK ENDING</u> | <u>WEEKLY ACTUAL ORDERS</u> | <u>WEEKLY PLAN ORDERS</u> | <u>VAR.</u> | <u>CUM. ACTUAL ORDERS</u> | <u>CUM. PLAN ORDERS</u> | <u>VAR.</u> |
|--------------------|-------------------------------------|-----------------------------------|-------------|-----------------------------------|---------------------------------|-------------|
| JUNE 11 | 249 | 11 | N/A | 249 | 11 | N/A |
| JUNE 18 | 841 | 478 | +76% | 1090 | 489 | +123% |
| JUNE 25 | 1514 | 1277 | 19% | 2604 | 1766 | + 47% |
| JULY 2 | | 2278 | | | 4044 | |
| JULY 9 | | 2478 | | | 6522 | |
| JULY 16 | | 1454 | | | 7976 | |
| JULY 23 | | 674 | | | 8650 | |
| JULY 31 | | 317 | | | 8967 | |
| AUGUST 6 | | 192 | | | 9159 | |
| AUGUST 13 | | 166 | | | 9325 | |
| AUGUST 20 | | 155 | | | 9480 | |
| AUGUST 27 | | 150 | | | 9630 | |

SBC 003270

A:06298MK1.055

Prodigy Internal Use Only

EXHIBIT H

FOUNDING MEMBER ACTIVATION PROGRAM

STEP I FOLLOW UP TELEPHONE CALL 6/29

SORT PROBLEMS

REFER TECHNICAL PROBLEMS TO MSS FOR CALL BACK

DIRECT THEM TO ENROLL A.S.A.P.

STEP II PRIZE POST CARD 7/21

TO THOSE STILL UNENROLLED WHO ARE NOT

ACTIVE TECHNICAL PROBLEMS AND STILL INTERESTED

STEP III LETTER FROM R. S. GLATZER 8/15

"HELP US SERVE YOU BETTER AND HOW HAVE

WE FAILED YOU" MESSAGE

SBC 003271

A:06298MK1.055

EXHIBIT H

Prodigy Internal Use Only

FOUNDING MEMBER CHARTER MEMBER INTRODUCTORY MEMBER YEAR END

APRIL JUNE SEPT

RETENTION ACTIVITIES

USAGE

☐ April Shower of Savings Rebate

☐ Founding Member Premium Mailing

☐ Transaction Sweepstakes

STIMULATION

☐ Sign On, Cash In Game

☐ Summer Olympics Contests

PROGRAMS

☐ Trivia Contest

☐ Carmen Sandiego Contest

☐ Back-To-School Sale

☐ Holiday Sales Events

CLIENT

CO-MARKETING

☐ CRS

☐ Pershing

☐ Grocery Express

☐ Kroger

☐ C & S Bank

MEMBER

COMMUNICATIONS

☐ ^{Senior} Bi-monthly Newsletter

☐ "Have You Tried" Post Cards

☐ On-Line "What's New" Section

☐ 800 # Hotline Test

RENEWAL / CONVERSION

☐ Begin Conversion Series for Charter Members

☐ Begin Conversion Series for Founding Members

EXHIBIT 14

SBC 003272

RAM FORECAST
% OF ADDRESSABLE BASE

| | <u>'87</u> | <u>'88</u> | <u>'89</u> | <u>'90</u> |
|------------------|------------|------------|------------|------------|
| MS-DOS PCs <512K | 17.0% | 14.4% | 11.8% | 9.4% |
| MS-DOS 512K +> | 41.6 | 48.0 | 53.9 | 60.2 |
| APPLE II | 31.2 | 26.3 | 21.0 | 15.4 |
| MAC | 7.9 | 8.6 | 10.6 | 11.9 |
| MS-DOS | 58.6 | 62.4 | 65.6 | 69.6 |

SBC 003273

A:06298801,024

EXHIBIT I

PRODIGY CONFIDENTIAL

RAM ANALYSIS
INSTALLED ADDRESSABLE BASE -- UNITS

| | <u>'87</u> | <u>'88</u> | <u>'89</u> | <u>'90</u> |
|---------------------------|------------|------------|------------|------------|
| <u>ADDRESSABLE TOTAL:</u> | 7.2 | 9.5 | 12.0 | 14.7 |
| <u>MS-DOS</u> | 4.2 | 5.9 | 7.9 | 10.2 |
| ● PCs WITH <512K | 1.2 | 1.4 | 1.4 | 1.3 |
| ● PCs WITH 512K +> | 3.0 | 4.5 | 6.5 | 8.9 |
| <u>APPLE</u> | 2.8 | 3.3 | 3.8 | 4.1 |
| ● APPLE II | 2.2 | 2.5 | 2.5 | 2.3 |
| ● MAC | .6 | .8 | 1.3 | 1.8 |

SBC 003274

A:06298801.024

EXHIBIT I

PRODIGY CONFIDENTIAL

256K ANALYSIS

% PENETRATION OF ADDRESSABLE BASE

| <u>'87</u> | <u>'88</u> | <u>'89</u> | <u>'90</u> |
|------------|------------|------------|------------|
| 17.0% | 14.4% | 11.8% | 9.4% |

- DECLINING TREND OF INSTALLED BASE PENETRATION.
 - LESS 256K MACHINES BEING SOLD.
 - INCREASING NUMBERS OF ORIGINAL OWNERS ARE UPGRADING THE MEMORY OF 256K MACHINES DUE TO EVER INCREASING NEEDS (E.G. SOFTWARE).
- TANDY ONLY MAJOR MANUFACTURER STILL PRODUCING 256K MACHINES AND SELLING THEM AS THEIR CORE PRODUCT. THIS STRATEGY WILL CHANGE IN THE NEXT COUPLE OF YEARS.
- IMPACT ON POTENTIAL TANDY PRODUCTIVITY (SELLING PRODIGY) WILL BE FELT EARLY ON ('88) IMPROVING OVER TIME--ASSUMING NO 256K SUPPORT.
- PRIOR TO MARKET ENTRY (OCTOBER), SUBLOGATE WILL NOT BE MARKET TESTED IN HUNDREDS OF HOMES.

SBC 003275

A:06298801.024

EXHIBIT I

PRODIGY CONFIDENTIAL

MEMBERSHIP FORECAST

(SURROGATE CASE #1)

ASSUMPTIONS

- o 512K MS DOS, APPLE II/C/E/GS
- o SOFT LAUNCH IN SEPTEMBER, OCTOBER 1ST START

| | | <u>ORDERS (SEPT.-DEC.)</u> | | |
|---------------------------|---------------|----------------------------|-------------------|--------------|
| | <u>RETAIL</u> | <u>DIRECT*</u> | <u>SPECIALTY*</u> | <u>TOTAL</u> |
| FORECAST | 14,051 | 18,317 | 4,910 | 37,261 |
| RECEPTION SYSTEM IMPACT | 9,640 | 16,027 | 4,296 | 29,963 |
| | | | | (-7,298) |
| SOFT LAUNCH IN SEPTEMBER, | | | | |
| OCTOBER 1ST START | 7,230 | 15,000 | 3,639 | 25,869 |
| | | | | (-11,392) |

*FORECAST ASSUMES: 12.5% IBM 256K MS. DOS INSTALLED BASE

YEAR END MEMBERSHIPS*

| | |
|-------------------------|--------|
| FORECAST | 37,755 |
| RECEPTION SYSTEM IMPACT | 31,187 |
| OCTOBER 1ST START | 27,008 |

*ASSUMES 90% OF SEPT.-DEC. ORDER ENROLL

SBC 003276

A:06158CK1.044

PRODIGY CONFIDENTIAL

EXHIBIT I

WHITE PLAINS PLAZA
LEASE SYNOPSIS

- 0 271,135 SQUARE FEET
- 0 \$23.13/SQ. FT. AVERAGE RENT
- 0 FULL SUBLEASE/ASSIGNMENT RIGHTS
 - PARTNERS
 - OTHERS
- 0 EXPIRATION DATE SEPT. 30, 1993
 - 9TH FLOOR MARCH 31, 1990 (5 YR. RENEWAL)
 - 5TH FLOOR JUNE 30, 1993

SBC 003277

a:lsesyn.045

EXHIBIT J

PRODIGY CONFIDENTIAL

WHITE PLAINS PLAZA
LEASE SYNOPSIS

- 0 CANCELLATION OPTION (ALL BUT 2ND FLOOR 1 NB,
5TH FLOOR 1 NB, 9TH FLOOR 445 HAMILTON AVE.)
 - NOTICE AUGUST 1, 1988
 - TERMINATION SEPT. 30, 1989
 - PENALTY
 - \$ 575,000 IF BUSINESS CLOSED
 - \$1,115,000 ALL OTHER
 - IF NO CANCELLATION \$22,662,832 RENT
COMMITMENT TO SEPTEMBER, 1993
- 0 INCENTIVE PAYMENT: (NONCANCELLATION)
 - \$735,672
 - PAYABLE AS RENT ABATEMENT OR CHECK

SBC 003278

a:lsesyn.045

EXHIBIT 1

PRODIGY CONFIDENTIAL

WHITE PLAINS PLAZA

LANDLORD CONTRIBUTIONS AS NEGOTIATED BY PRODIGY SERVICES COMPANY UNDER
THE LEASE DATED MARCH 8, 1985.

| | |
|---------------|----------------------------------|
| \$ 634,544 | 4, 5, & 6TH FLOORS |
| 211,488 | 7TH FLOOR |
| 60,000 | 4, 5, 6, & 7TH ELEVATOR LOBBIES |
| 105,754 | A&E FEES 4TH, 5TH, 6TH & 7TH |
| 412,404 | 1ST, 2ND, 8TH & 6TH (NB) |
| 312,000 | 2ND FLOOR (NB) |
| <u>24,246</u> | 12TH FLOOR LOBBY/LAVATORIES (NB) |
| \$ 1,760,436 | |

SBC 003279

a:lseyyn.045

EXHIBIT J

PRODIGY CONFIDENTIAL

WHITE PLAINS PLAZA

SPACE/RENT COSTS

| <u>FLR</u> | <u>LOCATION</u> | <u>SQ. FT.</u> | <u>COST/SQ. FT.</u> | <u>ANNUAL COST</u> |
|------------|-----------------|----------------|---------------------|--------------------|
| 1 | 445 | 6,090 | \$ 25.95 | \$158,035.50 |
| 2 | 445 | 11,967 | 25.95 | 310,543.65 |
| 4 | 445 | 26,436 | 20.75* | 548,547.00 |
| 5 | 445 | 26,436 | 20.75* | 548,547.00 |
| 6 | 445 | 26,436 | 20.75* | 548,547.00 |
| 7 | 445 | 26,436 | 20.75* | 548,547.00 |
| 8 | 445 | 26,436 | 25.95 | 686,014.20 |
| 9 | 445 | 26,436 | 22.50 | 594,810.00 |
| 2 | 1NB | 32,008 | 22.50 | 720,180.00 |
| 5 | 1NB | 13,962 | 25.00 | 349,050.00 |
| 6 | 1NB | 24,246 | 25.95 | 629,183.70 |
| 12 | 1NB | <u>24,246</u> | 25.95 | <u>629,189.70</u> |
| | | 271,135 | | \$6,271,188.75 |

MONTHLY COST: \$522,599.06

AVERAGE RENT: \$ 23.13/SQ. FT.

SBC 003280

*INCREASES TO \$23.95 EFFECTIVE 8/1/88

NOTE: (ALL EXPIRES 9/30/93 EXCEPT 9TH FLOOR - EXPIRES 3/31/90
5TH FLOOR - EXPIRES 6/30/93)

o:lsesyn.045

PRODIGY CONFIDENTIAL

EXHIBIT J

WHITE PLAINS PLAZA

RECOMMENDATION:

0 DO NOT EXERCISE CANCELLATION

- FAVORABLE RENTS
- RESPONSIVE LANDLORD
- GOOD LOCATION/BUILDINGS

SBC 003281

a:lsesyn.045

EXHIBIT J

PRODIGY CONFIDENTIAL

YORKTOWN UPDATE

0 LEASE SIGNED JUNE 6, 1988

0 TERMS AS APPROVED:

- 2 YEAR COMMITMENT
- EXPANSION OPTIONS
- RENEWAL OPTIONS

0 CONSTRUCTION PROGRESS

- BASE BUILDING UNDERWAY
- INTERIOR DESIGN & ENGINEERING UNDERWAY
- PROJECTED COMPLETION/OCCUPANCY 1Q 1989
- PROJECTED OPERATIONAL 2Q 1989

SBC 003282

a:llesyn.045

EXHIBIT J

PRODIGY CONFIDENTIAL

NUMBER OF EMPLOYEES
MAY 31, 1988

| | ACTUAL | REVISED BUDGET | VARIANCE AMT | PCT |
|--|-----------------------|-----------------------|------------------------|-------|
| | ----- | ----- | ----- | ----- |
| MEMBERSHIP MARKETING | 48 | 47 | 1 | 2 |
| COMMERCIAL MARKETING | 52 | 54 | (2) | (4) |
| PRODUCT DEVELOPMENT | 180 | 177 | 3 | 2 |
| SYSTEMS DEVELOPMENT | 171 | 167 | 4 | 2 |
| SYSTEMS OPERATIONS & TELECOMMUNICATIONS | 226 | 228 | (2) | (1) |
| BUSINESS SERVICES | 12 | 12 | | |
| GENERAL & ADMINISTRATIVE | 128 | 133 | (5) | (4) |
| TOTAL | ----- 817 ===== | ----- 818 ===== | ----- (1) ===== | |
| ORIGINAL BUDGET | ----- 817 ===== | ----- 877 ===== | ----- (60) ===== | (7) |

PRODIGY CONFIDENTIAL

SBC 003283

EXHIBIT K

NET EXPENSES
MAY 1988 - YEAR TO DATE
(\$ 000'S)

| | ACTUAL | REVISED BUDGET | VARIANCE AMT | PCT |
|--|--------|-------------------|-----------------|-------|
| | ----- | ----- | ----- | ----- |
| REVENUE | | | | |
| MEMBERSHIP MARKETING | 47 | 114 | 67 | 59 |
| COMMERCIAL MARKETING | 403 | 415 | 12 | 3 |
| | ----- | ----- | ----- | |
| | 450 | 529 | 79 | 15 |
| | ===== | ===== | ===== | |
| EXPENSES | | | | |
| MEMBERSHIP MARKETING | 5,179 | 5,292 | (113) | (2) |
| COMMERCIAL MARKETING | 2,773 | 2,778 | (5) | |
| PRODUCT DEVELOPMENT | 7,259 | 7,233 | 26 | |
| SYSTEMS DEVELOPMENT | 12,171 | 12,130 | 41 | |
| SYSTEMS OPERATIONS & TELECOMMUNICATIONS | 13,477 | 13,743 | (266) | (2) |
| BUSINESS SERVICES | 1,141 | 1,217 | (76) | (6) |
| GENERAL & ADMINISTRATIVE | 5,498 | 5,560 | (62) | (1) |
| | ----- | ----- | ----- | |
| | 47,498 | 47,953 | (455) | (1) |
| | ===== | ===== | ===== | |
| NET EXPENSES | 47,048 | 47,424 | (376) | (1) |
| | ===== | ===== | ===== | |
| ORIGINAL BUDGET | 47,048 | 53,225 | (6,177) | (12) |
| | ===== | ===== | ===== | |

PRODIGY CONFIDENTIAL

EXHIBIT K

SBC 003284

CAPITAL EXPENDITURES
MAY 1988 - YEAR TO DATE
(\$ 000'S)

| | YTD APPROVALS ----- | 1988 REVISED BUDGET ----- |
|--|---------------------------|------------------------------------|
| MEMBERSHIP MARKETING | 171 | 354 |
| COMMERCIAL MARKETING | 45 | 92 |
| PRODUCT DEVELOPMENT | 294 | 678 |
| SYSTEMS DEVELOPMENT | 186 | 1,015 |
| SYSTEMS OPERATIONS & TELECOMMUNICATIONS | 7,594 | 15,871 |
| BUSINESS SERVICES | | 113 |
| GENERAL & ADMINISTRATIVE | 1,956 | 12,877 |
| TOTAL | ----- 10,246 ===== | ----- 31,000 ===== |

SBC 003285

PRODIGY CONFIDENTIAL

EXHIBIT K

1988 MILESTONES

| <u>Dept</u> | <u>Milestone</u> | <u>Orig</u> | <u>Dates Rev</u> | <u>Comp</u> |
|-------------|--|-------------|----------------------|-------------|
| MM | Subscriber Acquisition Support Systems In Place For Charter Member Programs (REPLACEMENT) | 5/15 | | 6/13 |
| COM | Launch In San Francisco | 5/05 | 6/06 | 6/06 |
| PD/SD/STT | Kroger Gateway And Grocery Shopping Application Available In Atlanta | 6/15 | | |
| CM/PD | 75 Client Packages Live | 6/30 | | |
| CM | Contracts Signed In 2Q: 25 Packages, 1 Service Plus Travel Agent, 1 Record Database Client | 6/30 | | |
| BUS | Close Market Support Service Contract | 6/30 | | |
| BUS/PD/SD | Pilot Of Artec Service Live (REPLACED) (Orig: 7/15) | | | |
| PD/SD/STT | American Airlines Gateway And Phase 1 Application Available – First Preferred Travel Agent | 7/15 | | |
| MM | Subscriber Acquisition Support Systems In Place To Support Introductory Member Program (REPLACEMENT) | | 7/15 | |
| SD | Support For MS – DOS Machines With At Least 256K Of Main Memory Available | 4/15 | 7/18 | |
| SD | Support For Apple II – c, II – e Available | 4/15 | 7/18 | |
| PD/SD/STT | Pershing Brokerage Gateway And Applications Available | 8/31 | | |
| PD/SD/STT | Grocery Express Gateway And Application Available | 8/31 | | |

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